



भारत का राजपत्र

The Gazette of India

प्राधिकार से प्रकाशित

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No. 38] NEW DELHI, SATURDAY, SEPTEMBER 17, 1966/BHADRA 26, 1888

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed as a separate compilation.

नोटिस

NOTICE

नीचे लिखे भारत के असाधारण राजपत्र १ सितम्बर १९६६ तक प्रकाशित किये गये।

The undermentioned Gazettes of India Extraordinary were published up to the 1st September, 1966:—

Issue No.	No. and date.	Issued by	Subject
275	S. O. 2671, dated 30th August, 1966.	Ministry of Finance	Making of a Scheme under Sec-280ZE of the Income Tax Act, 1961.
276	S. O. 2672 dated 31st August 1966.	Ministry of Commerce.	Appointment of persons as members of the Coir Board.
277	S. O. 2673 dated 1st Sept. 1966	Ditto.	Certain rules for inspection, export, recognition and prohibition of inorganic pigments under Section 6 of Export Act-1963.
	S. O. 2674 dated 1st Sept. 1966	Ditto	Making of rules by the Central Govt. under section 17 of the Export Act, 1963.
	S. O. 2675 dated 1st Sept. 1966	Ditto.	Recognition of Indian Standards Institution Certification Mark under Sec. 8 of the Export Act, 1963.

Issue No.	No. and Date	Issued by	Subject
277	S. O. 2676 dated the 1st Sept. 1966.	Ministry of Commerce	Recognition of certain Agencies under Sec. 7 of Export Act, 1963.
278	S. O. 2677 dated the 31st August 1966.	Ministry of Food, Agriculture, Community Development and Cooperation.	Amendment to the Ministry of Food, Agriculture, Community Development and Cooperation Notifications.

ऊपर लिखे असाधारण राजपत्रों की प्रतियाँ प्रकाशन प्रबन्धक, सिविल लाइन्स, दिल्ली के नाम मांगपत्र भेजने पर भेज दी जाएंगी। मांगपत्र प्रबन्धक के पास इन राजपत्रों के जारी होने की तारीख से 10 दिन के भीतर पहुँच जाने चाहिए।

Copies of the Gazettes Extraordinary mentioned above will be supplied on indent to the Manager of Publications, Civil Lines, Delhi. Indents should be submitted so as to reach the Manager within ten days of the date of issue of these Gazettes.

भाग II—खण्ड 3—उपखण्ड (ii)

PART II—Section 3—Sub-section (ii)

(रक्षा मंत्रालय को छोड़कर) भारत सरकार के मंत्रालयों और (संघ क्षेत्र प्रशासन को छोड़कर) केन्द्रीय प्राधिकरणों द्वारा जारी किए गए विधिक आदेश और अधिसूचनाएँ।

Statutory orders and notifications issued by the Ministries of the Government of India (other than the Ministry of Defence) and by Central Authorities (other than the Administration of Union Territories).

ELECTION COMMISSION, INDIA

New Delhi, the 29th August, 1966

S.O. 2716.—In exercise of the powers conferred by section 21 and sub-section (1) of section 22 of the Representation of the People Act, 1951, the Election Commission hereby makes the following appointments in respect of the parliamentary constituencies in the State of Madhya Pradesh as determined by the Delimitation Commission in its Order No. 8, dated the 24th July, 1964, namely,—

- (1) for each of the constituencies specified in column 1 of the Table below:
 - (a) the officers specified in the corresponding entry in column 2 of the said Table to be the Returning Officer;
 - (b) the officers specified in the corresponding entries in column 3 of the said Table to be the Assistant Returning Officers; and
- (2) for all the constituencies, the Joint Chief Electoral Officer and the Deputy Chief Electoral Officer of the State to be Assistant Returning Officers.

TABLE

Name of the constituency	Returning Officer	Assistant Returning Officers
1	2	3
1. Morena	Collector, Morena.	All Deputy Collectors, Morena. Treasury Officer, Morena. Deputy Director of Agriculture, Morena. District Educational Officer, Morena. Collector, Shivpuri Distt. All Deputy Collectors, Shivpuri. Deputy Director of Agriculture, Shivpuri. Treasury Officer, Shivpuri.
2. Bhind	Collector, Bhind.	All Deputy Collectors, Bhind District. Deputy Director of Agriculture, Bhind. Treasury Officer, Bhind. District Statistical Officer, Bhind. Collector, Datia district. All Deputy Collectors, Datia district. Treasury Officer, Datia.
3. Gwalior	Collector, Gwalior	Additional Collector, Gwalior district. Assistant Collector, Gwalior. All Deputy Collectors, Gwalior district. Deputy Director of Agriculture, Gwalior. Nazul Officer, Gwalior. Assistant Director of Food, Gwalior. Treasury Officer, Gwalior. Development Assistant to Commissioner, Gwalior. Collector, Shivpuri district. All Deputy Collectors, Shivpuri district. Deputy Director of Agriculture, Shivpuri. Treasury Officer, Shivpuri.
4. Guna	Collector, Guna.	Assistant Collector, Guna. All Deputy Collectors, Guna district. District Statistical Officer, Guna. Treasury Officer, Guna district. Deputy Director of Agriculture, Guna. District Excise Officer, Guna. Collector, Shivpuri district. All Deputy Collectors, Shivpuri district. Deputy Director of Agriculture Shivpuri. Treasury Officer, Shivpuri district. Collector, Rajgarh district. Assistant Collector, Rajgarh. All Deputy Collectors, Rajgarh. Deputy Director of agriculture, Rajgarh district. Treasury Officer, Rajgarh.
5. Tikamgarh	Collector, Tikamgarh.	All Deputy Collectors, Tikamgar h district Deputy Director of Agriculture, Tikamgarh district. Treasury Officer, Tikamgarh. Collector Chhatarpur district. All Deputy Collectors, Chhatarpur district. Treasury Officer, Chhatarpur district. District Panchayat & Social Welfare Officer, Chhatarpur. Deputy Director of Agriculture, Chhatarpur district.

1	2	3
6. Satna	Collector, Satna.	All Deputy Collectors, Satna district. Treasury Officer, Satna. District Educational Officer, Satna. Deputy Director of Agriculture, Satna. Collector, Chhatarpur district. All Deputy Collectors, Chhatarpur district. Treasury Officer, Chhatarpur. District Panchayat & Social Welfare Officer, Chhatarpur. Deputy Director of Agriculture, Chhatarpur. Collector, Panna district. All Deputy Collectors, Panna district. Treasury Officer, Panna.
7. Rewa	Collector, Rewa.	All Deputy Collectors, Rewa district. Treasury Officer, Rewa. Deputy Director of Agriculture, Rewa. Development Asstt. to Commissioner, Rewa. Collector, Satna district. All Deputy Collectors, Satna district. Treasury Officer, Satna. District Educational Officer, Satna. Deputy Director of Agriculture, Satna district.
8. Shahdol	Collector, Shahdol	All Deputy Collectors, Shahdol district. Treasury Officer, Shahdol. District Educational Officer, Shahdol. District Statistical Officer, Shahdol. District Excise Officer, Shahdol.
9. Sidhi	Collector, Sidhi.	All Deputy Collectors, Sidhi district. Treasury Officer, Sidhi. District Educational Officer, Sidhi. Collector, Rewa district. All Deputy Collectors, Rewa district. Treasury Officer, Rewa. Deputy Director of Agriculture, Rewa. Development Asstt. to Commissioner, Rewa. Collector, Surguja district. All Deputy Collectors, Surguja district. Deputy Director of Agriculture, Surguja. District Educational Officer, Surguja.
10. Surguja	Collector, Surguja.	All Deputy Collectors, Surguja district. Deputy Director of Agriculture, Surguja. District Educational Officer, Surguja.
11. Raigarh	Collector, Raigarh.	All Assistant Collectors, Raigarh district. All Deputy Collectors, Raigarh district. Deputy Director of Agriculture, Raigarh.
12. Janjgir	Additional Collector, Bilaspur.	Assistant Collectors, Bilaspur. All Deputy Collectors, Bilaspur district. Development Assistant to Commissioner, Bilaspur. Deputy Director of Agriculture, Bilaspur.
13. Bilaspur	Collector, Bilaspur.	Additional Collector, Bilaspur district. Assistant Collector, Bilaspur. All Deputy Collectors, Bilaspur district. Development Asstt. to Commissioner, Bilas- pur. Deputy Director of Agriculture, Bilaspur.

1	2	3
14. Mahasamund	Additional Collector, Raipur.	<p>Assistant Collectors, Raipur. All Deputy Collectors, Raipur. Development Asstt. to Commissioner, Raipur. Deputy Director of Agriculture, Raipur. Collector, Raigarh district. All Assistant Collectors, Raigarh district. All Deputy Collectors, Raigarh district. Deputy Director of Agriculture, Raigarh. Collector, Bilaspur district. Additional Collector, Bilaspur district. Assistant Collectors, Bilaspur. All Deputy Collectors, Bilaspur district. Development Asstt. to Commissioner, Bilaspur. Deputy Director of Agriculture, Bilaspur.</p>
15. Raipur	Collector, Raipur.	<p>Additional Collector, Raipur district. Assistant Collectors, Raipur district. All Deputy Collectors, Raipur district. Development Asstt. to Commissioner, Raipur. Deputy Director of Agriculture, Raipur.</p>
16. Kanker	Additional Collector, Bastar.	<p>Assistant Collectors, Bastar district. All Deputy Collectors, Bastar district. Deputy Director of Agriculture, Bastar. Collector, Raipur district. Additional Collector, Raipur district. Assistant Collectors, Raipur. All Deputy Collectors, Raipur district. Development Assistant to Commissioner, Raipur. Deputy Director of Agriculture, Raipur district. Collector, Durg district. Additional Collector, Durg district. Assistant Collectors, Durg district. All Deputy Collectors, Durg district. District Excise Officer, Durg district. Deputy Director of Agriculture, Durg. District Organizer, Tribal & Harijan Welfare Officer, Durg. District Statistical Officer, Durg. District Panchayat and Social Welfare Officer, Durg.</p>
17. Bastar	Collector, Bastar.	<p>Additional Collector, Bastar district. Assistant Collectors, Bastar district. All Deputy Collectors, Bastar district. Deputy Director of Agriculture, Bastar.</p>
18. Durg	Collector, Durg.	<p>Additional Collector, Durg district. Assistant Collectors, Durg district. All Deputy Collectors, Durg district. District Excise Officer, Durg. Deputy Director of Agriculture, Durg. District Organizer, Tribal & Harijan Welfare Officer, Durg. District Statistical Officer, Durg. District Panchayat & Social Welfare Officer Durg district.</p>

1	2	3
19. Rajnandgaon	. Additional Collector, Durg.	Assistant Collectors, Durg district. All Deputy Collectors, Durg district. District Excise Officer, Durg. Deputy Director of Agriculture, Durg. District Organiser, Tribal & Harijan Welfare, Durg. District Statistical Officer, Durg. District Panchayat & Social Welfare Officer, Durg district.
20. Balaghat	. Collector, Balaghat	All Deputy Collectors, Balaghat district. Deputy Director of Agriculture, Balaghat district.
21. Mandla	. Collector, Mandla.	All Deputy Collectors, Mandla district. Collector, Bilaspur district. Additional Collector, Bilaspur district. Assistant Collectors, Bilaspur. All Deputy Collectors, Bilaspur. Development Asstt. to Commissioner, Bilaspur. Deputy Director of Agriculture, Bilaspur.
22. Jabalpur	. Collector, Jabalpur	Additional Collector, Jabalpur district. Assistant Collectors, Jabalpur district. All Deputy Collectors, Jabalpur district. Development Asstt. to Commissioner, Jabal- pur. Deputy Director of Agriculture, Jabalpur. Collector, Seoni district. Assistant Collector, Seoni district. All Deputy Collectors, Seoni district. Deputy Director of Agriculture, Seoni.
23. Damoh	. Collector, Damoh	All Deputy Collectors, Damoh district. Collector, Jabalpur district. Additional Collector, Jabalpur district. Assistant Collectors, Jabalpur district. All Deputy Collectors, Jabalpur district. Deputy Director of Agriculture, Jabalpur district. Development Asstt. to Commissioner, Jabal- pur.
24. Sagar	. Collector, Sagar.	Assistant Collector, Sagar district. All Deputy Collectors, Sagar district. Deputy Director of Agriculture, Sagar. Collector, Damoh district. All Deputy Collectors, Damoh district.
25. Chhindwara	. Collector, Chhindwara.	All Deputy Collectors, Chhindwara district. Deputy Director of Agriculture, Chhindwara. Collector, Seoni district. Assistant Collector, Seoni district. All Deputy Collectors, Seoni district. Deputy Director of Agriculture, Seoni.
26. Betul	. Collector, Betul	All Deputy Collectors, Betul district. Deputy Director of Agriculture, Betul. Collector, Chhindwara district. All Deputy Collectors, Chhindwara dis- trict. Deputy Director of Agriculture, Chhindwara.

1	2	3
27. Hoshangabad	Collector, Hoshangabad	<p>Assistant Collector, Hoshangabad district. All Deputy Collectors, Hoshangabad. Deputy Director of Agriculture, Hoshangabad district. Collector, Narsimhapur district. All Deputy Collectors, Narsimhapur district. Deputy Director of Agriculture, Narsimhapur district. District Welfare & Panchayat Officer, Narsimhapur. District Educational Officer, Narsimhapur.</p>
28. Bhopal	Collector, Sehore	<p>Additional Collector, Sehore district. All Deputy Collectors, Sehore district. Development Assistant to Commissioner, Bhopal. Assistant Collector, Sehore district. Deputy Director of Civil Defence, Bhopal. Assistant Director of Food attached to Commissioner, Bhopal Division. Assistant Director of Small Savings, attached to Commissioner, Bhopal Division. Deputy Director of Agriculture, Sehore district. Assistant Collectors and Deputy Collectors working as Under Secretaries, Sehore distt. Treasury Officer, Bhopal. Collector, Rajgarh district. Assistant Collector, Rajgarh district. All Deputy Collectors, Rajgarh district. Deputy Director of Agriculture, Rajgarh. Treasury Officer, Rajgarh.</p>
29. Vidisha	Collector, Vidisha.	<p>Assistant Collector, Vidisha district. All Deputy Collectors, Vidisha district. Treasury Officer, Vidisha district. Deputy Director of Agriculture, Vidisha. Collector, Raisen district. All Deputy Collectors, Raisen district. Deputy Director of Agriculture, Raisen. Treasury Officer, Raisen.</p>
30. Shajapur	Collector, Shajapur	<p>Assistant Collectors, Shajapur district. All Deputy Collectors, Shajapur district. Treasury Officer, Shajapur. Collector, Rajgarh district. Assistant Collectors, Rajgarh district. All Deputy Collectors, Rajgarh district. Deputy Director of Agriculture, Rajgarh district. Treasury Officer, Rajgarh district.</p>
31. Ujjain	Collector, Ujjain	<p>Assistant Collector, Ujjain district. All Deputy Collectors, Ujjain district. Deputy Director of Agriculture, Ujjain. Treasury Officer, Ujjain. Collector, Dewas district. Assistant Collector, Dewas district. All Deputy Collectors, Dewas district. Treasury Officer, Dewas district.</p>

1	2	3
32. Indore	Collector, Indore.	Additional Collector, Indore district. All Deputy Collectors, Indore district. Deputy Director of Agriculture, Indore. Treasury Officer, Indore. Development Asstt. to Commissioner, Indore. Regional Transport Officer, Indore. Deputy Director of Land Records, Indore. Deputy Director of Civil Supplies, Indore. Collector, Dewas district. Assistant Collectors, Dewas district. All Deputy Collectors, Dewas district. Treasury Officer, Dewas.
33. Dhar	Collector, Dhar.	All Deputy Collectors, Dhar district. Deputy Director of Agriculture, Dhar distt. Treasury Officer, Dhar. Collector, Ujjain district. Assistant Collector, Ujjain district. All Deputy Collectors, Ujjain district. Deputy Director of Agriculture, Ujjain. Treasury Officer, Ujjain district. Collector, West Nimar district. All Deputy Collectors, West Nimar district. Treasury Officer, West Nimar district. Deputy Director of Agriculture, West Nimar. District Educational Officer, West Nimar. Divisional Forest Officer, Barwani.
34. Khandwa	Collector East Nimar	Assistant Collectors, East Nimar district All Deputy Collectors, East Nimar district. Deputy Director of Agriculture, East Nimar. Collector, Hoshangabad. Assistant Collector, Hoshangabad district. All Deputy Collectors, Hoshangabad distt. Deputy Director of Agriculture, Hoshangabad.
35. Khargone	Collector, West Nimar.	All Deputy Collectors, West Nimar district. Treasury Officer, West Nimar district. Deputy Director of Agriculture, West Nimar. District Educational Officer, West Nimar. Divisional Forest Officer, Khargone. Divisional Forest Officer, Barwani.
36. Jhabua	Collector, Jhabua	All Deputy Collectors, Jhabua district. District Educational Officer, Jhabua. Deputy Director of Agriculture, Jhabua. Treasury Officer, Jhabua district. Collector, Ratlam district. All Deputy Collectors, Ratlam district. Treasury Officer, Ratlam district.
37. Mandsaur	Collector, Mandsaur	Assistant Collector, Mandsaur District. All Deputy Collectors, Mandsaur. Deputy Director of Agriculture, Mandsaur. Treasury Officer, Mandsaur. Collector, Ratlam District. All Deputy Collectors, Ratlam district. Treasury Officer, Ratlam district.

[No. 434/MP/66.]

By Order,
PRAKASH NARAIN, Secy.

CABINET SECRETARIAT

(Department of Statistics)

New Delhi, the 1st September, 1966.

S.O. 2717.—In pursuance of sub-section (1) of Section 8 of the Indian Statistical Institute Act, 1959 (57 of 1959), the Central Government hereby appoints a Committee consisting of :—

- | | |
|--|------------------|
| 1. Shri K. T. Chandy,
Director, Indian Institute of Management, Calcutta-35. | Chairman |
| 2. Dr. A. R. Verma,
Director, National Physical Laboratory, New Delhi | Member |
| 3. Professor Moni Mukherjee,
Indian Statistical Institute, Calcutta-35. | Member |
| 4. Shri F. H. Vallibhoj,
Joint Secretary, Ministry of Finance, Department
of Expenditure, New Delhi. | Member |
| 5. Dr. K. R. Nair,
Director, C.S.O.; and <i>Ex-officio</i> Joint Secretary,
Department of Statistics, New Delhi. | Member-Secretary |

and assign the following duties to the said Committee, namely :—

- (a) The preparation and submission to the Central Government of statements showing programmes of work agreed to be undertaken by the Institute during the financial year 1967-68 for which the Central Government may provide funds as well as general financial estimates in respect of such work; and
- (b) the settlement on broad lines of the programme of such work.

2. The Committee shall submit its report to the Central Government by the 15th November, 1966.

3. The Department of Statistics will perform the Secretariat functions of the Committee, the headquarters of which will be at New Delhi.

[F. No. 14/10/66-Estr. III.]

M. BALAKRISHNA MENON, Dy. Secy

(Department of Statistics)

New Delhi, the 3rd September, 1966.

S.O. 2718.—In pursuance of sub-rule (2) of rule 9 clause (b) of sub-rule (2) of rule 12 and sub-rule (1) of rule 24, read with rule 34, of the Central Civil Services (Classification, Control and Appeal) Rules, 1965, the President hereby makes the following further amendments in the notification of the Government of India in the Cabinet Secretariat No. S.R.O. 633 dated the 28th February, 1957, namely:—

In the Schedule to the said notification,

- (i) in Part I—General Central Service, Class II, under the heading 'Directorate of National Sample Survey', against the entry 'All gazetted posts' in column 1, in the entries in columns 2 and 3, for the words 'Officer on Special Duty, Department of Statistics' the words 'Director, Central Statistical Organisation and *ex-officio* Joint Secretary in the Department of Statistics' shall be substituted; and
- (ii) in Part II—General Central Service, Class III, under the heading 'Directorate of National Sample Survey', in column 5, for the entry 'Officer on Special Duty, Department of Statistics', the entry 'Director, Central Statistical Organisation and *ex-officio* Joint Secretary in the Department of Statistics' shall be substituted.

[No. F. 18/6/66-Estr. II.]

B. S. RAO, Under Secy.

MINISTRY OF FINANCE**(Department of Expenditure)***New Delhi, the 28th August, 1966*

S.O. 2719.—In exercise of the powers conferred by the proviso to Article 309 and clause (5) of Article 148 of the Constitution and of all other powers enabling him in this behalf and after consultation with the Comptroller and Auditor General in relation to persons serving in the Indian Audit and Accounts Department, the President hereby makes the following rules further to amend the Fundamental Rules, namely:—

1. These rules may be called the Fundamental (Fourth Amendment) Rules, 1966.
2. In Rule 10 of the Fundamental Rules, the words "which may be affixed to his first pay bill" occurring after the word "health" in the first sentence shall be omitted.

[No. F. 25(24)-E.V./66.]

C. K. SUBRAMANIAN, Under Secy.

(Department of Economic Affairs)*New Delhi, the 5th September, 1966***REPORT OF THE CENTRAL BOARD OF DIRECTORS OF THE RESERVE BANK OF INDIA FOR THE YEAR JULY 1, 1965—JUNE 30, 1966**

S.O. 2720.—In accordance with section 53(2) of the Reserve Bank of India Act, 1934, the Central Board of Directors has submitted to the Government of India the following report on the working and accounts of the Bank for the year ended June 30, 1966.

I. DEVELOPMENTS IN THE ECONOMY

The twelve months, July 1965 to June 1966, were a period of very great anxiety and strain for the Indian economy leading finally to the devaluation of the rupee. Already the economy was suffering from inflationary pressures as a result of high levels of expenditure by the Government for defence and development financed increasingly by recourse to the banking system. Two unrelated developments, namely, the armed conflict with Pakistan and an unprecedented failure of the monsoon intensified these pressures. The conflict with Pakistan led to interruption in foreign aid and thereby added to the existing difficulties in the balance of payments. The failure of the monsoon resulted in a severe set-back to agricultural production. There was a noticeable slowing down in the rate of growth of industrial production too. Partly this was the result of a fall in demand for textiles and partly of shortages of electrical power and of imported raw materials and components.

2. In sharp contrast to the deterioration on the supply side, monetary demand expanded rapidly as budgetary expectations of a small surplus in the Union Budget and reduced outlays in the State Budgets envisaged for 1965-66 did not materialise, despite efforts by the Centre to raise additional resources through a supplementary budget. Government had to increase further its reliance on the banking system to finance the deficit. Under the impact of larger disbursements by Government, money supply with the public, particularly currency, rose substantially during the year. In the result, the imbalance between aggregate supply and aggregate demand which had existed over most of the Third Plan period considerably worsened. Reflecting this the index of wholesale prices showed a much larger rise than in the preceding year—18.2 per cent as against 7.2 per cent. Nearly four-fifths of the rise in prices was on account of food articles and industrial raw materials.

3. In the external sector of the economy, payments difficulties became more acute. Not only did exports cease to grow despite a widening of schemes of export assistance in various forms but even the existing level of exports could not be maintained as exports became increasingly uncompetitive due to price inflation. Payments for imports, on the other hand, which were at high levels showed only a small decline despite severe import restrictions, largely as a result of additional demands on account of the set-back in agriculture giving rise to payments on account of food imports and freight thereon. The suspension of

foreign assistance, following the conflict with Pakistan, by some major aid-giving countries worsened the difficulties and necessitated a further recourse to the International Monetary Fund to relieve the pressures on the foreign exchange reserves.

4. To meet the problems posed by mounting inflationary pressures a number of measures were taken. Credit control, both overall and selective, was further tightened. Government intensified its efforts to raise further resources. Statutory rationing of foodgrains was extended. Import duties were raised and the area of selective measures of export promotion widened. For the first time an incentive was offered under the National Defence Remittance Scheme for certain categories of inward remittances. It became increasingly obvious, however, that the existing parity of the rupee had become more and more unrealistic and impeded efforts to improve the balance of payments and that selective measures were of limited use in meeting this problem. The par value was, therefore, altered by devaluing the rupee on the 6th June by 36.5 per cent. This action was accompanied by abolition of schemes of export incentives and subsidies, adjustments in import/export duties and some liberalisation of imports.

Trends in Production and Prices

5. Agricultural production declined substantially in 1965-66 due to inadequate rainfall, particularly in western, central and eastern regions of the country. Foodgrains output is estimated to show a fall of 18.8 per cent from 89 million tonnes in 1964-65 to 72.3 million tonnes in 1965-66. The shortfall seems to be particularly serious in the case of rice, the output of which is nearly 8.4 million tonnes less than the previous year's level of 39.0 million tonnes. Among commercial crops, production of groundnuts is expected to be about 32 per cent less, that of raw jute and mesta about 25 per cent less, and of cotton 1.8 per cent less than in the previous year. The output of sugarcane remains unchanged.

6. The rate of growth of industrial production during the financial year 1965-66 slowed down to 4.0 per cent as compared to 7.0 per cent in 1964-65. The principal factor responsible for this was the decline of 3.5 per cent in the output of cotton textiles, which has a weightage of 32.1 per cent in the general index, due to accumulation in the earlier part of the year of unsold stocks with mills resulting from lower offtake, and due to shortage of power supply in certain regions. Excluding cotton textiles, the index of industrial production would show an increase by 6.2 per cent in 1965-66 (compared to 7.2 per cent in 1964-65). Other industries which showed a decline in output were railway wagons, fertilisers and woollen textiles. Reduced availability, particularly in the latter half of the year, of imported components and raw material affected the rate of utilization of capacity in such industries as fertilisers, automobiles, woollen textiles. The rate of increase in the output of jute manufactures had also slackened in the last quarter of the year owing mainly to shortage of raw jute supplies, following the decline in raw jute output for the second year in succession. The performance of certain basic and intermediate goods industries was, on the other hand, encouraging. Output of iron and steel, aluminium and cement showed significant increases due to commissioning of new capacity and intensive utilisation of existing capacity. Following the increase in output of these coal-consuming industries, production of coal rose significantly. Output of sugar during the 1965-66 season is estimated at 3.5 million tonnes compared to 3.3 million tonnes in 1964-65. For the Third Plan period as a whole, the average annual increase in industrial output works out to 6.8 per cent as compared to the target of 11 per cent.

7. The general price level rose substantially during the year July 1965—June 1966 mainly on account of the rise in the price of food articles and industrial raw materials. The wholesale price index (base: 1952-53=100) moved up from 158.3 at the end of June 1965 to 167.3 by the middle of August. Thereafter the index number fluctuated for several months between 165 and 171. From March 1966, however, it began a strident rise and stood at 187.1 at the end of June 1966, recording a rise of 18.2 per cent over the year compared to 7.2 per cent in the preceding year. The usual post-harvest price decline was conspicuous by its absence. Reflecting the deterioration in the general price level, particularly of food articles, the All-India consumer price index for working class (base: 1949=100) rose by 13.5 per cent to 185 between July 1965—June 1966. In the preceding year, this index had recorded an increase of 8.7 per cent.

8. Almost all the constituent groups of the wholesale price index contributed to the rise in prices. The rise was very marked in industrial raw materials—28.8 per cent compared to 15.0 per cent in the previous year. Amongst individual items in this group, raw jute showed an increase of as much as 44.9 per

cent. This was closely followed by oilseeds with an increase of 36.3 per cent. The index number for food articles showed an increase of 19.4 per cent as compared to 4.0 per cent in the previous year. Prices of edible oils showed an increase of 49.7 per cent and of rice 30.5 per cent. These two groups together thus explained nearly four-fifths of the rise in the general index. The prices of manufactures also rose steeply during the year (11.7 per cent compared to 8.6 per cent in the preceding year). The annual average weekly index of wholesale prices for 1965-66 at 171.3 recorded a rise of 36.2 per cent as compared with the level five years earlier.

Price Policy

9. This sharp all-round increase in prices emphasised the urgency of remedial action to relieve the distress of consumers in the low income groups on the one hand and to stimulate production on the other. In order to augment the availabilities of foodgrains in the immediate future, imports were increased from 6.3 million tonnes in 1964 to 7.5 million tonnes in 1965. During the first six months of 1966 imports of foodgrains amounted to 5.31 million tonnes as compared to 3.78 million tonnes in the first six months of 1965. Simultaneously, internal procurement was intensified. Statutory rationing was introduced in important towns and industrial areas around them. To protect the consumers from excessive rise in prices of foodgrains, many States have fixed maximum wholesale and retail prices for rice and wholesale prices for paddy. The policy of guaranteed minimum support prices for certain major cereals (i.e. paddy, jowar, bajra and maize) has been continued for the 1966-67 season in order to stimulate production. An important decision bearing on the price policy was the appointment of a committee to examine the present arrangements regarding movement, procurement and distribution of foodgrains in the country and to suggest modifications if deemed desirable.

10. In regard to industrial commodities the steps taken during the year to stimulate larger output in various ways include provision of incentives through higher prices, grant of fiscal concessions, withdrawal of price, sale and distribution controls and exemption of industries from the licensing provisions of the Industries Act. The ex-factory prices of sugar and prices of controlled varieties of mill made cloth were increased during the year. The budget for 1966-67 extended the industrial development allowance to the tea industry and at the same time expanded the list of priority industries eligible for higher development rebate to include tea, newsprint and printing machinery. The price control on pig iron and certain categories of imported steel was withdrawn while the cement industry was freed from price and distribution controls. Government exempted in May 1966, 11 industries from licensing provisions. The Scarce Industrial Materials Control Order promulgated in September 1965 during the conflict with Pakistan, was repealed in June 1966.

Resources Position: Public Sector

11. The budgetary position of the Government, Central and State, showed considerable deterioration during the year. The distress caused in several areas by the failure of the monsoon and the resultant shortfall in agricultural output strained the budgetary position and necessitated further efforts at mobilisation of additional resources.

12. Reflecting the Government's anxiety to minimise the inflationary impact of expenditure, the Central Budget for 1965-66 envisaged a small surplus of Rs. 3 crores after providing for some concessions in regard to both direct and indirect taxes. The State budgets, on the other hand, showed deficits amounting to Rs. 79 crores even after providing for reduced outlays. However, according to the revised estimates for 1965-66 (April-March), the budgetary position of the Centre shows a deterioration from an overall surplus of Rs. 3 crores to a substantial deficit of Rs. 115 crores and if the funding of *ad hoc* Treasury Bills of Rs. 50 crores is taken into account, the overall deficit would amount to Rs. 165 crores. This deterioration has taken place despite the efforts made to raise additional revenue to the extent of Rs. 111 crores in the Supplementary Budget of August 1965. This has happened due largely to increases in outlays, the pause in foreign aid, the failure of monsoons and larger assistance to States. The overall budgetary position of the States has also deteriorated as is reflected in the widening of the deficit from 79 crores in the budget estimates to Rs. 189 crores in the revised estimates for 1965-66. Thus, the budgetary operations of the Government, Central and State, still continue to be a major inflationary factor in the economy.

13. Additional taxation at the Centre was estimated to yield Rs. 2,260 crores for the entire period of the Third Plan, thus exceeding the plan target of Rs. 1,100 crores. As for States, the yield from additional taxation during the five years of the Third Plan reached the target of Rs. 610 crores. As at the end of 1965-66, which is the last year of the Third Plan, the ratio of Central and State tax revenue to national income is expected to be 14 per cent compared to 9.6 per cent at the end of the Second Plan.

14. For the fiscal year 1966-67, which is the first year of the Fourth Plan period, the Budget of the Central Government shows an overall deficit of Rs. 32.25 crores taking into account the concessions which were made after the announcement of the budget. The State Budgets are estimated to show an overall deficit of Rs. 35 crores. There has thus been a considerable pruning down of the overall deficit. The Centre, in particular, has stepped up taxation which is expected to yield an additional Rs. 106 crores made up of Rs. 54.61 crores under direct taxes and Rs. 51.36 crores under indirect taxes over the yield at the 1965-66 rates of taxation. The State Budgets for 1966-67, also provide for fresh taxation, amounting to Rs. 15 crores.

15. The tax proposals for 1966-67, have been designed to correct the adverse trends prevailing in the economy. In the context of continuing pressure on prices, the budget seeks to promote greater output in all the key sectors of the economy and encourage savings by improving the psychological climate. Simultaneously, the budget has reemphasised the need to restrain public expenditure, particularly on general administration and on new development projects which may begin to yield output only after considerable period. The proposals in regard to direct taxes have been formulated to provide a measure of relief to persons in low-income groups and to offer some incentives to the corporate sector in order to promote savings and capital formation. Thus in regard to taxation of personal incomes, the exemption limits as also the personal allowances have been raised. The removal of the capital gains tax on notional gains arising from bonus issues and the softening of the rigours of the dividend tax are calculated to revive the capital market and to increase the flow of private savings to industry in the form of equity participation. As regards indirect taxes, the changes proposed in the budget aim at restraining consumption and increasing exportable surpluses to the extent that this can be done without causing much hardship to consumers.

16. With the substantial rise in aggregate expenditure, plan and non-plan, the need for mobilisation of additional resources became imperative during the year. The Centre borrowed from the domestic capital market in two instalments. The first in June, representing the normal borrowing by the Centre, comprised two loans, viz. a six-year $4\frac{1}{2}$ per cent Loan, 1971 and a twenty-five-year $5\frac{1}{2}$ per cent Loan, 1990 for a total sum of Rs. 251 crores (gross). The second instalment of borrowing in October 1965, was in the nature of an emergency loan, comprising two Defence Loans, viz. a three-year $4\frac{1}{2}$ per cent National Defence Loan, 1968 and a seven-year $4\frac{1}{2}$ per cent National Defence Loan, 1972. Subscriptions to these two Defence Loans amounted to Rs. 27.6 crores. The State Governments floated loans in August 1965, actual subscriptions to which amounted to Rs. 106.74 crores slightly exceeding the notified sum (Rs. 101 crores). The net market borrowings by the Centre and the States at Rs. 219 crores were somewhat larger than in 1964-65 (Rs. 190 crores). With the larger borrowings by the Government, the gilt-edged market remained easy during the greater part of the year. In fact, the State loans floated in August 1965, went to a sizeable discount soon after their flotation. Apart from the process of realignment of the existing yields to higher levels, the market was affected by the tight money conditions that prevailed almost throughout the year. Moreover, investment in Government securities by the scheduled banks in the slack season of 1965 rose by Rs. 139 crores only compared to Rs. 258 crores and Rs. 146 crores respectively, in the slack seasons of 1964 and 1963, thus reflecting the strained liquidity position of the banks. Consequently, Reserve Bank's open market operations resulted in smaller net sales of Rs. 42 crores (excluding purchases from the State Bank of India on account of P. L. 480 funds) than in 1964-65 (Rs. 61 crores) and 1963-64 (Rs. 74 crores).

17. There was a marked rise in small savings during the year mainly on account of post office savings banks deposits which include registration deposits for purchase of cars/scooters, required to be made at Post Office Savings Banks since July 1965. Net collections of small savings during the financial year 1965-66 at Rs. 146.5 crores were larger by Rs. 16.2 crores than in 1964-65. Besides the inclusion of registration deposits, other factors such as raising of interest rates and introduction of new series have also contributed to the rise in small savings. Voluntary contributions to the National Defence Fund set up in 1962, amounted

to Rs. 17.44 crores in cash, 0.5 lakh grammes in gold and 1.5 lakh grammes in silver during the year ended March 31, 1966.

18. With a view to mobilising foreign exchange resources for national defence, National Defence Gold Bonds, 1980 were offered for subscription in gold, gold coin and gold ornaments and the National Defence Remittance Scheme was announced. The new gold bonds are redeemable in gold on maturity and carry tax concessions and other inducements. As on May 31, 1966, total subscriptions to the Gold bonds amounted to 13,558 kgs. Under the National Defence Remittance Scheme, Indian nationals receiving remittances from abroad by way of gifts, family maintenance or capital without repatriation facilities between October 26, 1965 and May 31, 1966, were eligible for the grant of import licences upto 60 per cent of the rupee equivalent of remittances, in their own name or in the name of parties designated by them. Persons resident abroad also were given facilities to benefit from the scheme through the opening of special accounts with the authorised dealers. By May 31, 1966 remittances received under the Scheme from abroad amounted to about Rs. 70 crores.

The Private Sector

19. Over most of the period under review the capital market worked at a low ebb. The falling trend in stock and share prices continued till December 1965 and there was considerably less activity in the new issues market. It is significant that even at a reduced level of new issue floatation the flow of fresh funds into the market was inadequate to meet the demand. The private sector, therefore, experienced considerable difficulties in obtaining funds and new issues had to rely even more heavily on underwriting by financial institutions. These institutions in turn relied to a greater extent on the Government for obtaining the necessary funds. The cumulative rise in prices in recent years has resulted in a steady erosion of the real value of money incomes and savings. It has also affected to some extent the household sector's capacity to save. Unless the inflationary trend is arrested it will be extremely difficult to find genuine savings for plan schemes both in the public and private sectors. Reflecting these trends, in the capital and stock markets, the Reserve Bank's index of variable dividend securities (base: 1961-62 = 100) declined from 80.9 at the end of June 1965 to 71.5 by mid-December before recovering to the earlier level (80.9) by end-June 1966. The pace of recovery improved after the announcement of fiscal reliefs and concessions in the 1966-67 budget. Over the year the index thus showed no net change whereas it had declined by 4.3 per cent in the year ended June 1965.

20. The activity in the new issue market was at a much lower level than in the previous year with capital issues (particularly equity issues) through prospectus and rights recording a decline during the year. The amount of foreign participation in respect of the prospectus issues had also declined. Consents for capital issues of shares (other than bonus) and debentures, which indicate investment intentions of entrepreneurs, were substantially lower at Rs. 86 crores in 1965-66 compared to Rs. 104 crores in 1964-65. Consents for bonus issues amounted to Rs. 35.9 crores almost the whole of which followed the tax relief provided in the 1966-67 budget to both companies as well as individual investors in respect of bonus issues. The spate of bonus issues has continued, the consents for bonus issues rising to Rs. 48.3 crores during April-mid July. Security-wise, there was a decline in the consents for equities from Rs. 68 crores in 1964-65 to Rs. 57 crores in 1965-66 and for debentures from Rs. 28 crores in 1964-65 to Rs. 17 crores in 1965-66. Those for preference shares, however, rose by Rs. 4 crores to Rs. 11 crores in the year.

21. During the year, the Government made further efforts to revive the capital market, by offering incentives, fiscal and other. The development rebate in respect of new plant and machinery installed after March 31, 1965, by the industries specified in the Fifth Schedule to the Income-tax Act, was increased from 25 per cent, as provided in the 1965-66 budget, to 35 per cent in the Supplementary Budget of August 1965. The 1966-67 budget has provided a few more concessions. The company surtax has been reduced from 40 per cent to 35 per cent. The companies have also been exempted from the 7.5 per cent tax on the amount distributed as dividend so long as this amount does not exceed 10 per cent of paid-up equity capital. Moreover, the 12.5 per cent bonus issues tax on companies and the notional capital gains tax in respect of bonus shares in the hands of individual investors have been abolished. Special tax concessions available to specified industries have been extended to three more industries, viz. tea plantations, newsprint and printing machinery by including them in the list of priority industries. A number of industries, which do not depend on imports of raw materials and components and thereby do not draw on the foreign exchange resources have also been exempted from the licensing provisions of the Industries (Development and Regulation) Act, 1951. Besides, the resources of the All-India

term lending financial institutions were further augmented through grants of loans by the Government.

22. The assistance provided by financial institutions* by way of loans, underwriting and direct subscriptions, which reflects the gap in market resources available to the private sector, amounted to Rs. 161 crores during the year (April-March) compared to Rs. 94 crores in 1964-65. Disbursements by these institutions during the same period also stood appreciably higher at Rs. 96 crores as against Rs. 70 crores in 1964-65. With the strengthening of the institutional machinery and gathering of greater experience in the appraisal of industrial projects, the IDBI stepped up considerably the volume of its operations. Total assistance sanctioned by the IDBI—including refinance facilities to eligible financial institutions as well as guarantees for loans and deferred payments—increased from Rs. 54 crores in 1964-65 to Rs. 85 crores in 1965-66. There was an impressive rise in disbursements from Rs. 24 crores to Rs. 51 crores. In addition to its assistance to industrial concerns by way of direct loans, underwriting, guarantees and rediscounting of bills as well as refinance assistance, the IDBI introduced on April 1, 1966, a scheme of participation in industrial loans and guarantees. The scheme involves sharing of risks (with those financial institutions which are eligible for refinance facilities) to the extent of IDBI's participation. The Life Insurance Corporation of India also continued to assist the private sector through its investments in industrial securities, its investments in shares and debentures of joint stock companies rising from Rs. 144 crores in March 1964 to Rs. 159 crores in March 1965. Larger assistance to small scale industries was provided through the Government of India's Credit Guarantee Scheme administered by the Reserve Bank as well as the scheme of assistance under the auspices of the State Bank.

Trends in Money and Credit

23. The growing pressure of demand in relation to the inadequate growth of output was an important factor in the worsening of the price situation. Money supply, representing monetary demand in the economy, rose substantially by Rs. 429 crores (or by 10.3 per cent) during the accounting year 1965-66 as against Rs. 359 crores (or 9.4 per cent) in the previous year. The increase was much larger in the currency component of money supply than in deposits, the former having gone up by Rs. 230 crores (compared to Rs. 187 crores in 1964-65), and the latter by Rs. 199 crores as against Rs. 172 crores in 1964-65. Total monetary resources (comprising money supply and time deposits), which provide a truer measure of aggregate monetary demand, expanded by Rs. 658 crores (or by 11.6 per cent) in 1965-66 compared to Rs. 509 crores (or 9.8 per cent) in 1964-65. At a time when aggregate supply was adversely affected such growth in monetary resources only served to aggravate the existing imbalance between aggregate demand and aggregate supply.

24. The monetary expansion during the year stemmed mainly from the large magnitude of bank credit extended to the Government. Bank credit to the Government comprising investments in Government securities by the Reserve Bank and other banks (excluding investments of P.L. 480 and P.L. 665 funds) and ways and means advances adjusted for Governments' cash balances with the Bank, rose by Rs. 596 crores which is nearly twice the increase (of Rs. 303 crores) recorded in 1964-65. Credit extended by the Reserve Bank to the Government showed a much larger rise of Rs. 389 crores (compared to Rs. 169 crores last year) than the increase in commercial bank credit to Government (Rs. 207 crores in 1965-66 compared to Rs. 134 crores in 1964-65). In contrast, bank credit to private sector was, unlike in the previous year, contractionary in its impact on money supply. There was a small decline of Rs. 18 crores in bank credit to private sector, which was the net result of a smaller increase in bank credit (Rs. 231 crores in 1965-66 compared to Rs. 293 crores in the previous year) and a larger growth in time deposits† of Rs. 249 crores as against Rs. 212 crores last year. The impact on money supply of balance of payments position (as measured by changes in net foreign exchange assets of the Reserve Bank) was expansionary to the extent of Rs. 60 crores. In 1964-65, on the other hand, balance of payments position exerted a contractionary influence on money supply to the extent of Rs. 31 crores. Money supply with the public showed a larger contraction (Rs. 43 crores) in the 1965 slack season than in the slack season of 1964 (Rs. 33 crores). The expansion in money supply during the 1965-66 busy season was Rs. 480 crores as compared to Rs. 389 crores in the 1964-65 busy season.

25. The credit situation over the year was characterised by a markedly slower pace of credit expansion by the banking system, accompanied by a slightly faster rate of deposit growth. The pressure on banks' liquidity was consequently

*Comprising the I.D.B.I., the I.F.C., the I.C.I.C.I., the S.F.C.s and the S.I.D.C.s.

†Adjusted for P.L. 480 and P.L. 665 deposits.

lighter, with the credit-deposit ratio moving down by 3.7 percentage points to 72.7 per cent. Credit expansion amounting to Rs. 202 crores (or 9.8 per cent) during the year was much smaller than in the preceding year (Rs. 295 crores or 16.8 per cent). Scheduled banks' deposits increased by Rs. 413 crores (or 15.3 per cent) compared to Rs. 323 crores (or 13.5 per cent) in 1964-65.

26. In the 1964-65 busy season there had occurred a record credit expansion of Rs. 407 crores and by the end of June 1965, the level of credit had contracted by Rs. 45 crores only. Consequently, the credit-deposit ratio at 76.4 was 2 percentage points higher than at the end of June 1964. Notwithstanding the bumper foodgrains output in 1964-65, the price situation was under severe pressure during the 1965 slack season. As the pace of credit contraction in the season was not adequate, the Bank took further restrictive action so as to accelerate the pace of contraction and to assist in holding the prices of essential commodities in the lean period. Selective credit controls in respect of advances against foodgrains, vegetable oils and oilseeds were tightened, while unsecured advances were frozen at the overall level reached on June 25, 1965. Ceilings were placed on advances against vegetable oils and margin requirements in respect of advances against cotton and kapas were imposed for the first time.

27. In the wake of the Pakistani aggression in September 1965, a selective relaxation of credit control measures was called for, so that the defence effort would not be hampered. The restrictions on unsecured advances were withdrawn, while selective credit controls were liberalised somewhat. Banks with branches in border areas were specially instructed to render all possible assistance to industry and trade to enable them to maintain production and supply. To take into account the special difficulties faced by the textile industry following the dislocation of trade as a result of the Indo-Pakistani conflict, the Bank introduced a scheme of special accommodation to banks under the Bill Market Scheme for facilitating financial assistance to cotton textile mills which had accumulated large stocks of finished goods. Banks were also called upon to finance the increasing sugar stocks with mills owing to the record output in the 1964-65 season and to support the food procurement operations undertaken by Governments and their agencies in order to conserve the available supplies during the lean period. In the result, credit contraction in the 1965 slack season was relatively small, amounting to Rs. 93 crores which formed only 23 per cent of the busy season expansion, as against Rs. 139 crores or 37 per cent in the 1964 slack season. On the other hand, the growth in deposits of scheduled banks, at Rs. 178 crores was Rs. 33 crores or 16 per cent smaller than the growth in the 1964 slack season. The addition to their Government securities portfolio of Rs. 139 crores was only about one-half of that in the 1964 slack season. Consequently, the investment-deposit ratio at 30.5 per cent at the end of October 1965, was 4 percentage points lower than a year ago. Partly on account of the inadequate contraction of credit and partly on account of the fixation of tap rate on Treasury Bills at 3.5 per cent, the call money market ruled unusually firm during the greater part of the slack season.

28. The credit policy for the 1965-66 busy season was framed against the background of a relatively small contraction of credit in 1965 slack season, the unfavourable crop outlook for 1965-66 and the possibility of slackening of industrial growth. These developments had an adverse impact on the price situation which was already worsening rapidly. While keeping the overall framework of credit policy initiated in September 1964, the Bank, therefore, modified it for the purpose of ensuring adequate supply of credit to priority sectors, viz., food procurement and storage, defence supplies, and exports, and controlling credit for other purposes with greater vigour than in the previous busy season. Refinance in respect of defence supplies, packing credit for exporters and advances for food procurement and allied activities of Governmental agencies was provided at the Bank rate. Refinance from the Bank in respect of rupee export bills at the Bank rate was also continued. Accommodation for less essential purposes was made dearer by increasing the rate charged, by 1 per cent as against $\frac{1}{2}$ per cent hitherto, for every decline of one point or a fraction thereof below 30 per cent in the net liquidity ratio of borrowing banks (the ratio being calculated as before, after taking into account all borrowings from the Reserve Bank and the Industrial Development Bank of India). As an additional measure of credit regulation, the Reserve Bank directed the banks to obtain its prior authorisation before sanctioning any fresh credit limit on a secured or on an unsecured basis, of Rs. 1 crore or more to any single party or any limit that would take the total limit enjoyed by such party from the entire banking system to Rs. 1 crore or more. As the season progressed, it became apparent that the weight of food procurement advances was telling on the banking system's ability to provide for normal seasonal financing. In view of the level of bank credit extended to finance food procurement and allied operations of State Governmental agencies

and the prospective increase in such credit, in respect of advances made to State Governments/their agencies/Food Corporation of India for food procurement/storage/distribution, any amount in excess of the maximum level of such advances attained by a bank in the year 1965, was excluded with effect from March 26, 1966, from the total borrowings of the bank for the purpose of calculating that bank's net liquidity ratio.

29. To enable banks to meet the genuine credit requirements relating to movement and distribution of essential commodities, appropriate modifications were made in selective credit controls. Restrictions on advances in respect of credit against stocks of foodgrains were relaxed on November 12, 1965, in the six border districts of the Punjab where trade and industry were dislocated by the Indo-Pakistan conflict. On January 3, 1966, advances against stocks of indigenous cottonseed oil were exempted from the purview of ceiling restrictions. On January 31, advances granted by offices and branches of scheduled banks operating in Kerala, against stocks of paddy and rice, and wheat to the wholesale dealers and fair price shop dealers (authorised by the Government of Kerala) were exempted from the ceiling control. The minimum margin requirement in respect of these was also reduced from 50 per cent to 25 per cent. Advances granted to vanaspati manufacturers against stocks of sunflower oil imported as a gift from the Soviet Union were exempted on April 20, from margin and ceiling restrictions.

30. In the context of the decline in agricultural output and the slackening of industrial growth and the costlier Reserve Bank accommodation to scheduled banks for non-priority purposes, the pressure on the banking system during the 1965-66 busy season was noticeably less than in 1964-65 season. Credit expansion amounted to Rs. 309 crores which was Rs. 98 crores less than in 1964-65 busy season. While advances against both seasonal and non-seasonal commodities rose less than in the 1964-65 busy season, the rise in unsecured advances was about twice as much as in the previous busy season. In view of the higher level of deficit financing and the operation of the National Defence Remittance Scheme, deposits increased sharply by Rs. 214 crores as compared to Rs. 178 crores in the 1965 slack season and Rs. 106 crores during the 1964-65 busy season. The credit-deposit ratio stood at 76.9 on April 29, 1966 as compared to 80.1 a year ago. Banks' borrowings from the Reserve Bank increased by only Rs. 28 crores in the 1965-66 busy season as compared to Rs. 125 crores last season. The peak level of borrowings in the 1965-66 busy season was also much lower, being Rs. 107 crores on March 11, 1966, compared to Rs. 163 crores on April 2, 1965. The highest weighted average rate paid on these borrowings in 1965-66 was 7.5 per cent as against 8.4 per cent in the earlier year. At the same time, banks' liquidation of investments amounted to only Rs. 27 crores as compared to Rs. 154 crores in the 1964-65 busy season. Consequently, the investment—deposit ratio declined by only 3 percentage points in the 1965-66 busy season to 27.4, as against 7 points in the 1964-65 busy season. Scheduled banks' cash ratio declined somewhat during the 1965-66 busy season, but at 6.2 per cent at the end of the season, it was a little higher over the year. In keeping with the credit-deposit relationship, the call money market ruled generally easy during the 1965-66 busy season. The highest rates reached were 7.3 per cent in Bombay and 9.9 per cent in Calcutta, as compared to 8.5 per cent at both centres in the 1964-65 season. At the end of the 1965-66 season, the rates were 4.0 per cent at Bombay and 4.77 per cent at Calcutta, as against 7.28 per cent and 7.04 per cent respectively, a year ago.

31. As the failure of monsoon in 1965 had led to a sharp decline in agricultural output, particularly foodgrains, the pressure on prices of foodgrains, edible oils, etc. in the 1966 slack season is found to be greater than in the corresponding 1965 season. The lower agricultural output has also reduced the availability of raw materials for industry which is already facing a shortage of imported supplies of raw materials, spares and components. As the imbalance between aggregate demand and supply is likely to be greater than in the 1965 slack season, the Governor of the Bank called on banks in May 1966, to keep a watch over the credit situation and to ensure that credit extended during the preceding busy season against seasonal commodities such as foodgrains, sugar, cotton, jute, oil-seeds, vegetable oils, etc. flowed back to the banking system. Banks were asked to invest in Treasury Bills the accretion to their resources during the slack season, by way of deposit increase and return flow of credit. The subsequent devaluation of the rupee has necessitated a stricter vigilance over the monetary and price situation. Devaluation by itself is not likely to affect the liquidity of the banks adversely—indeed it might even increase it. In this context, the Governor held discussions with the banks on the credit situation following Devaluation and its implications for future credit policy. Following from these

discussions, banks have been asked to give priority for the credit needs of industry, exports and imports, while at the same time ensuring that unduly large inventories are not built up by industry. Banks have also been advised to strive for a significant credit reduction in respect of earlier credit expansion against seasonal commodities. With the prospect of a sizeable deposit expansion they should conserve their resources during the slack season and invest the whole of additional deposits in Government securities. This is necessary not only to hold the price line, but also to be able to meet the credit demands during the ensuing busy season, when banks would be called upon to extend credit to essential sectors on a larger scale than in the 1965-66 busy season.

Balance of Payments

32. While the imbalances in the internal sector of the economy worsened with the growing inflationary situation, the external payments reached a state of critical disequilibrium during the year under review. Trade policy during the early part of the year sought, as in the past, to maximise exports and minimise the outlay on imports by widening the scope of selective devices such as export incentives through import entitlements, tax credits and other forms of assistance for exports, tightening of import controls and raising import duties. As regards invisibles too, incentives in the form of the National Defence Remittance Scheme were offered with a view to encouraging remittances from abroad through banking channels and thus to arrest the diversion of funds to the free markets abroad. The Scheme was in operation from October 26, 1965 to May 31, 1966 and about Rs. 70 crores were received under it. These measures were, however, inadequate to meet the situation as it developed. Export earnings failed to register any improvement. Payments for private imports fell off heavily but in the process created difficulties for sectors of industry dependent on imports. In the quarter April—June 1966 the deficit re-emerged. In order to tide over the difficulties and ease the pressure on the reserves, assistance to the extent of Rs. 95.3 crores (after meeting a re-purchase obligation of Rs. 35.7 crores) was obtained from the International Monetary Fund. It became increasingly evident that more radical measures were necessary for correcting the imbalances in the economy including those in the external sector of the economy. The persistent and substantial rise in prices over the last few years has steadily raised costs in the economy and has made it more and more difficult for Indian exports to compete in international markets. The selective incentive measures *viz.*, import entitlement schemes, tax credit certificates and straight subsidies in some cases meant to compensate the export industries for higher costs have proved inadequate in the context of the inflationary situation and called for periodic increases in their range and quantum. Moreover, these *ad hoc* remedies did not have the potential for bringing about a lasting solution either in the form of increases in output or lowering of the costs of production of the export industries. The success of import entitlement schemes for instance depended on the continuance of tight import restrictions. This meant that either the import using industries worked on a high cost basis as they could buy their inputs at high premia from the exporters or if their costs were reduced through import liberalisation then exporters suffered.

33. The effects of inflation have been equally harmful in regard to imports. In the context of a continuous rise in domestic prices, imported goods continued to command a premium (despite the progressive increase in import duties), as Indian prices of comparable goods have been well above world prices. In the result, imports when they could be obtained were considerably cheaper relative to domestic products. The relative cheapness of imports gave rise on the one hand to severe import restrictions which has affected the growth of industrial production and on the other to leakage of foreign exchange through smuggling. It is in this perspective that the decision to alter the par value of the rupee taken towards the close of the year has to be viewed. It was in order to ensure, *inter alia*, maintenance of existing exports by bringing about a better alignment between internal and external prices and thus giving exports greater competitive strength, that the rupee was devalued on June 6, 1966 by 36.5 per cent, the new par value being 0.118489 gram of fine gold per rupee. The change in par value, together with other follow-up measures to which a reference is made elsewhere in this report, is intended not only to simplify the exchange system and pave the way for continuing improvement in export earnings in particular and in the external payments position generally but also for better all-round performance of the economy as a whole.

34. Over the accounting year 1965-66, there was an improvement of Rs. 287.2 crores in the reserves; this takes into account an appreciation (in rupee terms) of Rs. 150.3 crores in the foreign exchange components of the reserves,

following the devaluation of the rupee. Expressed in terms of U.S. dollars, the improvement in the reserves amounted to \$255.6 million and this improvement takes into account a net borrowing of \$200 million (Rs. 95.3 crores) from the International Monetary Fund, partly offset by a payment of \$37.5 million (Rs. 17.9 crores) to the International Monetary Fund in February, 1966 towards additional gold subscription, following the enhancement of the membership quota. If these items are allowed for, the reserves would show a moderate improvement of \$93.1 million. In the preceding year, on the other hand, the reserves were drawn down by \$65.6 million despite the assistance of \$75 million (Rs. 35.7 crores) provided by the International Monetary Fund and the replenishment of the monetary stock of gold to the extent of \$33.6 million (Rs. 16 crores). To a large extent, the improvement witnessed during the accounting year reflects the impact of larger receipts by way of transfers from abroad under the National Defence Remittance Scheme, increased realisations of export proceeds and reduced payments for imports from countries other than the rupee payments area.

35. The latest balance of payments details available relate to the financial year 1965-66 (April—March). During the financial year 1965-66 the reserves improved by Rs. 48.3 crores in contrast to a draft of Rs. 56.2 crores in 1964-65. If the assistance provided by the International Monetary Fund and special transactions, such as the payment of gold subscription to the International Monetary Fund and the transfer of gold from non-monetary to monetary stocks during the respective years are excluded, the reserves would show an improvement of Rs. 36.4 crores in 1965-66 and a decline of Rs. 72.2 crores in 1964-65. The relatively favourable outturn witnessed in 1965-66 was due mainly to the narrowing down of the adverse trade balance following a drastic reduction in the import bill during the latter half of the year necessitated by the decline in the reserves. Increased remittances from abroad under the National Defence Remittance Scheme also contributed to some extent to this improvement. In addition, unidentified transactions (categorised as 'Errors and Omissions') which had for several years resulted in a net outflow turned favourable benefiting the reserves. The overall deficit for the year 1965-66 which amounted to Rs. 449.3 crores was more than matched by the net inflow of capital from abroad of Rs. 497.6 crores resulting in a net accretion to the reserves of Rs. 48.3 crores, mentioned earlier. In the preceding year, on the other hand, the overall deficit at Rs. 507.9 crores exceeded the net inflow of capital from abroad of Rs. 451.7 crores, necessitating a draft of Rs. 56.2 crores on the reserves. It has to be pointed out, however, that the improvement in the balance of payments position was of a temporary character and could not have been sustained in the context of the increasing need for essential imports except by a revival of increased flow of external assistance.

36. As observed earlier, the import bill was pruned down by Rs. 60.7 crores to Rs. 1335.3 crores, of which Rs. 548.9 crores were on private account and Rs. 786.4 crores on Government account; the entire reduction was by way of a cutback in payments financed out of free resources. Aid-financed imports, on the other hand, were higher by about Rs. 25 crores. Almost the entire decline in the aggregate import bill reflected the reduced level of payments for imports of cotton raw and waste, mineral oils, machinery and vehicles on private account. Payments for imports on Government account were marginally higher by Rs. 2.9 crores. However, but for the statistical change introduced from April, 1965 according to which freight on P.L. 480 imports refunded by the U.S. authorities are deducted from imports, the payments for Government imports would amount to Rs. 820.2 crores compared to Rs. 783.5 crores in 1964-65 i.e., about Rs. 37 crores higher. While there was a reduction in the payments for imports of food, capital equipment and communication stores, payments for imports of miscellaneous stores showed a substantial rise.

37. Exports at Rs. 781.8 crores were lower than the preceding year by Rs. 20.9 crores. A part of this decline is attributable to the revised procedure for recording exports which became effective from the third quarter of the year. Exports, which were hitherto recorded as and when the consignments were approved for shipment, irrespective of whether the actual shipment had materialised or not, are now being recorded on a more realistic basis at the time when the documents are negotiated by the respective financial intermediaries. Consequently, compared with the earlier practice there is a lag in the recording of exports now, which shows up by way of shortfalls in the absolute levels. Exports data (totals) assembled on the new basis for the last two quarters are partly estimated as complete information is not available; this also precludes a commodity-wise appraisal of the trends. Nevertheless, available indicators seem to suggest a decline in exports of tea, tobacco, vegetable oils, oilcakes and raw cotton which was only partly made up by the increase in

exports of jute manufactures, iron ore and spices, particularly pepper. It may be pointed out, however, that the increase in the value of some of these exports e.g. jute manufactures is more due to higher prices than larger quantum. This points to the need for maintaining the existing quantum of exports, as high prices may not hold for long without inducing competition and substitutes.

38. On invisibles account, the net receipts by way of official transfer payments were nearly halved to Rs. 66.8 crores owing to a reduction in the disbursements of grants out of U.S. P.L. 480 counterpart funds. During the year, the other invisible transactions resulted in a surplus of Rs. 13.4 crores, which was Rs. 3.4 crores lower than in the preceding year. However, the comparative assessment is somewhat unrealistic because of the statistical refinement regarding the treatment of refund of freight initially borne by India on P.L. 480 imports, to which a reference is made earlier. If the receipts by way of refund of freights paid on P.L. 480 imports are taken into account, as in the 1964-65 compilations, the surplus on account of other invisible transactions would work out to about Rs. 47 crores, nearly thrice the surplus recorded in the preceding year. The entire improvement seems to have resulted from an increase in gross receipts following larger remittances from abroad under the National Defence Remittance Scheme (referred to in detail earlier). As the bank certificates issued in terms of this Scheme were transferable, the scheme provided an incentive for making remittances through banking channels and thereby helped to arrest the diversion of funds to the free markets. Gross invisible payments were also higher by about Rs. 14 crores due to the increase in investment income payments, particularly interest payments on external debt. Total investment income payments, which have been increasing continuously over the past years, amounted to Rs. 130.6 crores in 1965-66 as compared to Rs. 118.6 crores in 1964-65.

39. The net inflow of capital from abroad which amounted to Rs. 497.6 crores was higher than in the preceding year by Rs. 45.9 crores. As in the past it comprised mostly the net inflow to the official sector which improved over the year by Rs. 61.1 crores to Rs. 511.3 crores, benefitting mainly from the net assistance provided by the International Monetary Fund and an increase in the rupee liabilities arising out of commodity assistance provided under the P.L. 480 programme. While amortisation payments were higher by Rs. 9.2 crores, drawings on loans extended under the various external assistance programmes were lower by Rs. 87.1 crores due largely to the reduction in the disbursements of loans out of U.S. P.L. 480 counterpart funds. As in the preceding year, there was a net outflow from the banking sector, though on a slightly reduced scale. The net outflow, which amounted to Rs. 6.6 crores, was mostly due to the liquidation of the authorised dealers' foreign currency liabilities and an increase in their foreign currency assets. This was to some extent offset by the increase in rupee liabilities arising out of Cooley Fund account balances. Unlike in the preceding year, private capital movements resulted in a net outflow of Rs. 7.1 crores due to sizeable disinvestments by the oil companies.

40. As regards developments in exchange control during the year, the general policy continued to be restrictive except for some liberalisation of the restrictions (a) on travel abroad for business purposes, and (b) borrowings abroad by the authorised dealers in India. The scheme of issuing blanket permits for release of exchange to recognised export houses set up for exploring new markets for non-traditional goods, which was introduced in July 1963, as an export promotion measure, was extended during the year to exporters of jute and tea whose annual average exports amounted to Rs. 1 crore and to exporters of other traditional items whose annual average exports exceeded Rs. 50 lakhs. The ceiling of Rs. 20 lakhs, imposed in October 1964, on short-term borrowings abroad by authorised dealers, to which a reference was made in the last report, was reviewed during the year and authorised dealers were advised that overdrafts in excess of the limit would be permitted provided such borrowings were for financing their normal business operations in India by purchasing rupee funds from the Reserve Bank. But such borrowings could be repaid only when (a) the authorised dealer concerned had no outstanding borrowings either from the Reserve Bank or other banks in India and (b) local inter-bank call money rate was less than the Treasury Bill rate for the week. The latter stipulation was, however, withdrawn later, but prior approval of the Reserve Bank was necessary for each remittance in repayment of such loans and overdrafts. Following the outbreak of Indo-Pakistan hostilities, all foreign exchange transactions with Pakistan were suspended in September 1965.

External Assistance

41. External assistance authorised during 1965-66 (April—March) at Rs. 604 crores showed a marked decline (of Rs. 140 crores) over the year partly as a result of suspension of aid by the U.S.A. and delay on the part of some other Aid-India Consortium Members following the outbreak of hostilities with Pakistan in September 1965 and partly because of lower aid from the East European countries. A little over one-half (52 per cent) of the loans authorised during the year was in the form of non-project aid as against nearly one-third in the preceding year. The larger availabilities of non-project assistance and higher imports under the P.L. 480 assistance programme, which were intended to relieve the domestic shortages of foodgrains and raw materials, facilitated a quicker utilisation of external assistance which increased from Rs. 719 crores during 1964-65 (April—March) to Rs. 759 crores in 1965-66 (April—March).

42. The year under review marked the completion of the Third Five Year Plan. During the Plan period (April 1961-March 1966), the total assistance authorised amounted to Rs. 2,886 crores. Including the spill-over from the Second Plan, the total foreign assistance available for utilisation in the Third Plan period was Rs. 4,140 crores of which Rs. 2,851 crores were utilised by the end of March 1966. The utilisation of foreign aid (excluding P.L. 480 and similar assistance) during the Third Plan at Rs. 1,998 crores was more than double that in the Second Plan (Rs. 885 crores); even so, it fell short of the target (Rs. 2,600 crores) stipulated in the Plan document.

Foreign Investment Policy

43. Official policy during the year towards foreign investment was one of added emphasis on its role in certain selected fields. The response from foreign investors, as reflected in the consents granted by the Controller of Capital Issues, was encouraging. The value of consents to non-residents increased from Rs. 71 crores in 1964 to Rs. 82 crores in 1965. The number of collaboration agreements approved by Government was, however, only 242 as against 403 in 1964 and 298 in 1963.

44. Among the important new measures aimed at encouraging foreign investment, mention may be made of the extended Risk Guarantee Programme which, together with the Specific Risk Guarantee Programme, constitutes the total range of guarantees available to private U.S. investors. Such guarantees would be available only to new investments in projects approved by the Government of India. Another measure for inducing foreign investment was a double taxation avoidance agreement concluded with the U.S. during the year; this agreement awaits ratification.

45. With a view to encouraging foreign investment in fertilisers industry Government have announced a seven-year holiday in approved cases from price and distribution control subject to Government's option to purchase 30 per cent of the production at a negotiated price. In joint ventures, which will be set up in this field, the intending foreign collaborators can have a majority share holding if they so wish. Government will also help the incoming firms to obtain the necessary rupee capital, if it does not come through the normal channels.

46. In keeping with the growing importance of mutual help among the developing nations, it has been the Government of India's policy to encourage the setting up of industries abroad by Indian industrialists in collaboration with their foreign counterparts, subject to the availability of resources. As an inducement to Indians investing abroad, the Finance Act, 1966-67, provided for a concessional rate of tax of 25 per cent on (i) the dividend received by an Indian company from a foreign company on shares allotted to the former in consideration for supplying technical 'know-how' or rendering technical services and (ii) on royalties, commissions, fees etc. received in this regard.

Post-Devaluation Trade Policy

47. The devaluation of the Rupee brought in its wake substantial changes in the trade policy. The special export incentives provided through import entitlements and tax credit schemes were withdrawn and export duties were imposed on twelve of the traditional commodities at varying rates in order to divert into the exchequer a part of the profit arising from increased rupee export earnings through devaluation. There was a departure from the austere import policy followed hitherto. The new import policy aimed at (1) enlarging the flow of essential imports to certain crucial sectors such as agriculture, export and certain consumer goods industries, (2) increasing imports of articles of mass consumption

and (3) providing for the requirements of small-scale producers. Arrangements were made to meet in full the import requirements (for six months to begin with) of 59 industries designated as priority industries. The import policy, however, continued to be restrictive in respect of low priority industries. The import duties on several items were reduced so that the total import cost of essential raw materials, intermediates, machinery and spares is not out of line with the cost of comparable domestic products.

Retrospect and Prospect

48. The developments during the year 1965-66, surveyed in the foregoing paragraphs, mark a turning point for the economy in several ways. The critical phase in development which the economy has reached has not only created serious distortions in the short-run but has necessitated a careful rethinking of the strategy of future development.

49. In retrospect, the progress of the economy during the Third Five Year Plan which has recently ended has been uneven and considerably slower than what was envisaged. Both the major sectors, namely, agriculture and industry, have contributed to the short-falls from the plan targets. Owing to vagaries of the monsoon, lack of timely and sufficient supplies of agricultural inputs and inadequacies of organisational effort growth in agricultural production has been slow and highly variable. An exceptionally bad monsoon has in fact caused the index of agricultural production for 1965-66 to be at the same level as in 1960-61. But even if the figures of output for 1964-65 are taken agricultural production showed a growth of no more than 2.8 per cent per year on an average as against the target of 5 per cent increase per year. Industrial production increased by 39 per cent over 1960-61 as against the planned target of 70 per cent. National income in real terms appears to have grown at a rate around 2.5 per cent per annum though, if the performance of the first four years is considered, the average works out to 4.3 per cent a year as against the growth rate of 6 per cent per year assumed in the Plan. As the population has continued to grow at the rate of 2.5 per cent per annum there was hardly any increase in per capita real income by the end of the Plan. Though the total Plan outlay in the public sector for the Third Plan period is estimated to have exceeded the financial target of Rs. 7,697 crores, investment in real terms would show a sizeable shortfall in relation to the target because of the rise in prices. Money supply has on the other hand, increased by 57.9 per cent over the Plan period, the expansion in the currency component being 44.6 per cent. Such disparity between the growth of income and the growth of purchasing power has intensified the pressure of aggregate demand in the economy resulting in a price rise of 32.2 per cent over the five-year period; the price rise in the last two years of the Plan being 22.0 per cent. On the external side of the economy, exports, which showed encouraging signs of growth in the early years of the Plan, ceased to grow as inflationary conditions at home made exports more and more uneconomical and needed assistance on an increasing scale. Imports, on the other hand, remained at high levels, despite strict controls, largely because of the inexorable needs of the economy on account of development and defence. On the invisible account, there was a worsening on both sides, as receipts fell off due partly to diversion to unofficial markets and payments grew on account of interest and profit payments. The experience of schemes of assistance to visible and invisible exports through practices resembling a multiple exchange system was that while these schemes were useful over a limited range and period, their continuance aggravated rather than helped to solve the underlying problem of loss of competitive power. Devaluation thus became all the more necessary to correct the handicap caused by inflation to external viability. Although a substantial volume of foreign aid was made available, the pressure on the reserves intensified particularly during the last two years of the Plan and recourse had to be had to the International Monetary Fund on a large scale, thus running down the second line of reserves to a large extent. Currently, India's drawings from the Fund are in the second credit tranche.

50. No doubt, during the Third Plan period, the economy was bedevilled with difficulties of an extraordinary character such as the Chinese invasion of 1962, the Indo-Pakistan War in 1965 and a more than average run of poor monsoons including an exceptionally bad one. Also, it has to be recognised that notwithstanding these difficulties, both the infra-structure of the economy as well as the structure of basic industries have been developed to a stage capable of sustaining a higher rate of growth in the future. Yet the important lesson that emerges from the experience during the Third Plan period, particularly in the last three years, is that development without relative price stability is not a helpful process. For the success of the Fourth Plan, therefore, it is of the utmost importance that a determined attack on the root causes of the malady of inflation is made. Otherwise, considerable distortions in the economy are likely to occur as a result of persistent inflation. Cost

estimates of planned programmes of investment would go awry. Wage demands would multiply giving rise to spiralling effects as between wages and prices and also as between wages in one industry and another. Voluntary savings would be affected adversely. Resources would be diverted to unproductive forms of investment and the international payments position which is already weak would be further endangered.

51. A major part of the difficulties in the Third Plan stemmed from the fact that while resources grew at an erratic and slow pace the economy was faced with additional demands for defence and the tempo of investment in both the public and private sectors continued to remain high. Both the public and the private sectors resorted to bank credit on an increasing scale, as taxation and voluntary savings proved inadequate to meet these demands. To avoid the recurrence of such an experience the maintenance of a safety margin to offset the effect of uncontrollable factors—for, the country has not yet reached a stage where agriculture can be effectively insulated from the vagaries of weather—is a basic necessity to be kept prominently in view while implementing the Fourth Plan.

52. It is important to note that the growth in the Fourth Plan depends largely on the results achieved through the investments made in the earlier plans. To the extent that there have been shortfalls in the planned investment in physical terms and consequent distortions in the productive structure there will be constraints on the achievement of a high rate of growth. The experience of the Third Plan of bottlenecks in transport, power, exportable commodities and imported raw materials and components arising from time to time and delaying growth is very relevant in this context. Such bottlenecks have resulted in lengthening the period between making the investment and realising the fruits of investment and in the process have added to inflationary pressures.

53. What matters even more than the size of the Plan is its contents and implementation. A vital element in the short-term strategy of growth in strict control over deficit financing. The decision of the Government not to resort to deficit financing during the Fourth Plan should ensure that existing inflationary pressures are not aggravated. In this context the annual budgets of the Governments assume added importance. The adoption of a system of regulating annual outlays taking into account the emerging trends in the economy in such matters as the volume of savings, the supply of wage goods, the pressure on prices and so on, appears essential.

54. At the same time it is also necessary to plan for a proportionately larger production of wage goods in the near future. This will help to maintain price stability and encourage voluntary savings. From this point of view agriculture will play a key role in the Fourth Plan as it supplies either the wage goods themselves or practically all the raw materials for them. The recent emphasis on intensive cultivation over a large area as also that on augmenting the supplies of fertilisers and other inputs is, therefore, a fruitful development. In the industrial sector, the resumption of flow of foreign aid and the increase in the proportion of non-project assistance should go a long way in removing the difficulties recently caused by the foreign exchange bottleneck. The resulting increases in production would under conditions of price stability lead to a corresponding growth in the investment resources of the economy and would provide a sound basis for future development.

55. While the short term strategy of growth has to concentrate on the reduction of inflationary pressures the long term strategy has to be conceived in terms of attaining in the shortest possible time the stage of self-sustaining growth. Continuation of foreign exchange difficulties and the resultant dependence on foreign aid not only imparts an element of rigidity to the plans but it also makes the whole planning process uncertain. Decisions to undertake projects become dependent on whether the aid for them is forthcoming and not according to priorities laid down in the Plan. Project costs also depend on the countrywise availability of aid. The shift that has taken place in recent years in favour of non-project assistance would help to reduce such distortions to some extent. But this should not lead us to overlook the urgency of making our development process independent of the availability of external assistance. This is all the more imperative if the future of such assistance is viewed in a wider perspective. The trends in world economic and political climate, the growing demand for development assistance from the developing countries, the particular economic difficulties an aid-giving country may be faced with, all point out the need to achieve self-reliance as early as possible.

56. Export promotion and import substitution are the two prongs of the long-term strategy of self-sustaining growth. As regards exports, the strong attraction of the domestic market and increasing costs of production have been the major obstacles. Control of inflation should reduce the former even as devaluation

would help to overcome the handicap of the increase in the cost structure that has taken place hitherto. The emphasis in export promotion has now to be on increasing the productivity of export industries through greater investment in them rather than on subsidies in various forms which merely compensate the exporter against a loss in the export market. As instruments of export promotion subsidies have a very limited usefulness. They may be necessary in selected cases, specially where exports from the newly established industries are sought to be promoted. But it has to be recognised that these are only temporary expedients incapable of removing any inherent weakness which hampers the growth of exports. Their use should, therefore, be limited only to those cases where the exports can stand on their own within a reasonable period without any subsidies. The problem of exports is indeed a much more fundamental one and has to be treated as a national problem in which Government, industry and agriculture co-operate at all levels to exploit to the fullest extent export possibilities of the various sectors. With its variegated agriculture and industry, it should not at all be difficult for the country, provided the necessary efforts to establish export markets and to ensure a sustained rate of production is made, to attain the requisite growth in exports.

57. Import substitution also is no less important in the drive towards external viability. A good deal of progress has indeed been made in the past in this respect. There is, however, a danger that greater availability of non-project assistance may reduce the tempo of import substitution and thus provide a set-back to the objective of self-reliance and make non-project assistance a chronic necessity. Every effort has to be made to avoid reaching such state of affairs.

58. To the extent that the implementation of Fourth Plan provides for appropriate adjustments in the light of such considerations the existing tensions in the economy would be alleviated and growth accelerated. This does not mean, however, that the need for discipline in fiscal and monetary matters would be lessened. Policies in these fields will of course have to be suitably adjusted to the changing requirements of the situation. But this would have to be subject to the overall requirement that the changes made are in the direction of attaining maximum level of productivity with the available physical resources. In the fiscal sphere this would mean avoidance of wasteful expenditures and if necessary, postponement of schemes which have no immediate bearing on productivity. In the monetary sphere it means harnessing the tools of monetary policy both to promote development and to maintain conditions of monetary stability.

59. There are indeed a number of other important aspects of planning which are relevant to the basic objective of improving productivity in the economy. Common to all these is the realisation by everyone that planning implies a measure of self-discipline, willingness to sacrifice current benefits for the future. The success of planning depends vitally on the extent to which this realisation forms the basis of everyday actions.

60. The process of planned economic development of the country which has been going on for a decade and a half has already resulted in a wide network of infra-structural facilities and a rapidly growing modern industrial base for the economy. The foundations have thus been laid for the achievement of a self-reliant and growing economy. If against this background there has been some set-back during the Third Five Year Plan, the difficulties are neither chronic nor insurmountable. With the realisation that agricultural production needs the highest priority and given a firm determination to avoid deficit financing in both public and private sectors and to devote all energies to the fulfilment of the basic objectives of the Plan, it should not be too difficult to achieve a rate of growth commensurate with the needs of the economy.

II. DEVELOPMENTS IN INDUSTRIAL FINANCE AND COMMERCIAL BANKING

61. The progress made in the field of commercial and co-operative banking and the developments in industrial finance are reviewed in this and subsequent two sections which bring out the increasing effectiveness of the banking system in meeting the demands made on it. During the year the Bank assumed powers of statutory regulation over co-operative banks. With a view to regulating the business of acceptance of deposits by non-banking companies the Bank has issued necessary directives. The question of providing for a more effective control and development of these institutions carrying on banking or para-banking activities in the unorganised sector is also under the Bank's consideration and for this purpose a new Department has been set up at Calcutta.

Banking Legislation

62. In the field of banking legislation, an important development was the passing by Parliament of the Banking Laws (Application to Co-operative Societies) Act, 1965, which *inter alia* amended the Reserve Bank of India Act, 1934 and the Banking Companies Act, 1949. The Act provides for the extension of certain provisions, of these two Acts to State co-operative banks, central co-operative banks and the more important primary non-agricultural credit societies, including, in particular, urban co-operative banks. The Act also provided for the renaming of the Banking Companies Act, 1949, as the Banking Regulation Act, 1949. The important provisions of this legislation are described in section III.

Industrial Finance: Industrial Development Bank and other Term-Lending Institutions

63. With the strengthening of the organisational set-up, the institution of appropriate machinery for appraisal of industrial projects and streamlining of procedures, the Industrial Development Bank of India recorded a significant expansion in its operations, particularly in respect of direct assistance during 1965-66—the second year of its working.

63. With the strengthening of the organisational set-up, the institution of approval and debentures and guarantees for loans and deferred payment arrangements, were sanctioned* by the IDBI in respect of 49 applications (relating to 38 concerns) for a total sum of Rs. 59.03 crores as against Rs. 29.77 crores in respect of 37 applications during the previous year. Of the total sanctions, under-writing of shares in respect of 22 applications accounted for Rs. 7.53 crores, loans to 23 industrial concerns for Rs. 35.62 crores and guarantees (at post-devaluation exchange rates) for Rs. 15.88 crores in respect of 4 concerns. In the preceding year, the corresponding sanctions were: underwriting of shares and debentures Rs. 6.61 crores on 27 applications, loans Rs. 16.14 crores on 7 applications and guarantees Rs. 7.02 crores on 3 applications. As in the previous year, the bulk of the direct financial assistance sanctioned was in respect of new projects and was spread over a wide range of industries, both traditional and non-traditional, such as cotton textiles, paper and pulp, cement, petro-chemicals, special steels, manufacture of machinery and metal products. There was also a marked rise in disbursement of direct assistance. The Bank disbursed during the year Rs. 25.23 crores as against Rs. 0.4 crore during 1964-65 of the amount disbursed Rs. 19.89 crores were on account of loans and Rs. 5.34 crores in respect of underwriting of shares and debentures. Commitments outstanding in respect of loans and underwriting assistance amounted to Rs. 39.53 crores as against Rs. 22.68 crores at the end of June 1965.

65. Under the scheme of refinancing industrial loans, the Bank sanctioned 177 applications for Rs. 21.12 crores as against 117 applications for Rs. 21.73 crores in 1964-65. The decline in the amount of refinance assistance reflected the deliberate policy of diversion of applications for relatively large amounts to direct lending by the IDBI in participation with other financial institutions. Industrial loans disbursed increased marginally to Rs. 21.38 crores as against Rs. 21.17 crores in 1964-65. Under the scheme for refinancing medium-term export credits, 3 applications for Rs. 0.68 crore were sanctioned while the amount disbursed during the year was Rs. 0.89 crore. Under the scheme for guarantee of advances to private sector coal industry, 11 guarantees for Rs. 0.58 crore were issued during the year, as against 11 guarantees for Rs. 0.43 crore in the previous year.

66. During the year, the IDBI contributed Rs. 0.40 crore to the share capital of the Madras Industrial Investment Corporation Ltd. and the Maharashtra State Financial Corporation. An amount of Rs. 1.27 crore was subscribed by the IDBI to the bond issues by Maharashtra, Uttar Pradesh, Madhya Pradesh, Orissa and Gujarat State Financial Corporations, bringing its total subscriptions to shares and bonds of financial institutions so far to Rs. 3.84 crores. These operations were financed out of the borrowings from the National Industrial Credit (Long Term Operations) Fund of the Reserve Bank of India.

67. The scheme for rediscounting bills of exchange/promissory notes arising from sales of indigenous machinery on deferred payment basis and discounted by approved banks and other financial institutions, introduced last year, was extended during the year to bills/promissory notes arising from sales of indigenous agricultural implements by machinery manufacturers on deferred payment basis. The list of eligible institutions under the scheme was also widened to include the Industrial Finance Corporation of India, all State Financial Corporations and 8 State co-operative banks, bringing the total number of eligible institutions to 84. During the year, the IDBI sanctioned under the scheme, credit limits to 15 eligible institutions, the amount of bills rediscounted being Rs. 2.25 crores.

*Effective sanctions, i.e. gross sanctions minus sanctions which have lapsed.

68. With a view to supplementing the refinance operations with a measure of risk-sharing with other institutions on a systematic basis, the IDBI introduced on April 1, 1966, a scheme for participation in loans and guarantees. The financial institutions covered under the scheme are those scheduled banks, State co-operative banks and term-lending institutions which are eligible for refinancing facilities. Participation is restricted ordinarily to public limited companies in the industries falling within the priority sectors of the economy. The maximum extent of IDBI's participation in a loan is fixed at 75 per cent and in exceptional cases at 80 per cent. The IDBI also participates with financial institutions in the issue of guarantees for loans, deferred payment arrangements, etc.

69. During the year, the IDBI reviewed its policies and worked out certain broad guidelines regarding the operational strategy including the question of industrial priorities. Accordingly, it has been decided that assistance to small-projects may be arranged more adequately by other term-lending institutions, whose resources could be suitably augmented by the IDBI by contributing to their share capital or bonds and/or by extension of refinancing facilities. This would enable the IDBI to have more effective assessment and supervision of larger projects, which in any case cannot come to fruition without its assistance. In considering direct financial assistance as also refinance, the IDBI would give preferential treatment generally to defence and export-oriented industries, essential consumer goods industries and those providing for agricultural development as well as industrialisation.

70. As the capital market has been sluggish, the corporate sector continued to rely heavily on the financial institutions for their capital requirements. During the calendar year 1965, the Industrial Credit and Investment Corporation of India sanctioned assistance amounting to Rs. 24.20 crores as against Rs. 22.66 crores in 1964. Of this, rupee assistance in the form of loans, underwriting of shares and direct subscriptions to ordinary and preference shares and debentures amounted to Rs. 12.40 crores and foreign currency loans to Rs. 11.80 crores. Disbursements during the year including disbursements in foreign currencies were appreciably higher at Rs. 19.20 crores than in 1964 (Rs. 15.29 crores) and 1963 (Rs. 10.76 crores). Since its inception in 1955 upto the end of 1965, the Corporation sanctioned assistance for a total of Rs. 123.96 crores (net) to 390 companies, of which 179 were new undertakings. Disbursements totalled Rs. 73.51 crores or about three-fifths of total sanctions. The loans and advances outstanding of the Industrial Finance Corporation of India and the State Financial Corporations also increased by Rs. 16.08 crores and Rs. 10.97 crores, respectively, during 1965-66, as against an increase of Rs. 12.55 crores and Rs. 9.16 crores during 1964-65 (July-June). Besides, the Industrial Finance Corporation of India and the State Financial Corporations invested in shares of industrial concerns either as direct subscription or as fulfilment of underwriting obligations. Among the State Financial Corporations, the bulk of the contribution was by the Madras Industrial Investment Corporation Ltd. Two Corporations also subscribed to the debentures of industrial concerns.

71. With a view to meeting the increased demand for industrial finance, the Industrial Credit and Investment Corporation of India, the Industrial Finance Corporation and other financial institutions augmented their resources during the year under review. In 1965, the Industrial Credit and Investment Corporation of India strengthened its equity base by making a rights issue of Rs. 2.5 crores in September 1965 in the proportion of one new ordinary share for every two shares held. The Corporation also obtained from the Government of India a further loan of Rs. 5 crores out of the P.L. 480 funds, bringing its total borrowings from the Government to Rs. 32.5 crores. As regards foreign exchange resources, negotiations are under way for a fifth line of credit of DM 20 million from the Kreditanstalt für Wiederaufbau. The Industrial Finance Corporation of India made a private issue of 5½ per cent. 12-year bonds for Rs. 2 crores at 99 per cent in December 1965. The foreign exchange resources of the Corporation were augmented during the year by two loans one in July 1965 and another in March 1966 for DM 15 million and DM 20 million, respectively, from the Kreditanstalt für Wiederaufbau. Six State Financial Corporations floated bonds during the year for an aggregate amount of Rs. 5.75 crores. Some State Financial Corporations accepted fixed deposits, while the Madras Industrial Investment Corporation had, in addition, call deposits and cash certificates. The State Financial Corporations have also been availing themselves of short and medium-term borrowing facilities from the Reserve Bank under Section 7(2)(a) and Section 7(2)(b) of the State Financial Corporations Act. Some of the Corporations have also been availing themselves of the refinancing facilities from the Industrial Development Bank of India.

72. In terms of Section 37A of the State Financial Corporations Act, 1951, five State Financial Corporations were inspected by the Reserve Bank during the year under review.

Financing of Small-Scale Industries

73. The Government of India scheme for the guarantee of advances granted by specified banks and financial institutions to small-scale industries initiated in July 1960 made further progress during the year. The Reserve Bank, which is concerned with the administration of the scheme, received during the year 14,208 applications for credit limits totalling Rs. 60.19 crores as against 9,015 applications for Rs. 39.29 crores in 1964-65 and 5,343 applications for Rs. 23.08 crores in 1963-64. The amount for which guarantees were issued rose from Rs. 17.95 crores in 1963-64 to Rs. 29.47 crores in 1964-65 and to Rs. 50.45 crores in 1965-66. Since the inception of the scheme upto the end of June 1966, 34,408 applications for guarantee in respect of credit limits aggregating Rs. 145.66 crores were received and 29,628 guarantees covering credit limits amounting to Rs. 116.67 crores were issued. As in the preceding years, most of the applications in 1965-66 continued to be received from the State Bank of India, although other specified credit institutions are increasingly availing themselves of this facility. Following a recent review of the scheme made by the Guarantee Organisation, the Central Government approved further substantial liberalisations, which come into force from August 1, 1966. The more important aspects of this liberalisation are (a) the expansion of the list of eligible institutions to include all central co-operative banks and specified non-scheduled banks, (b) enhancement of the extent of guarantee cover as also the maximum amount of loss recoverable and (c) increase in the maximum period for guarantee for term advances from 7 to 10 years.

74. In the districts of Amritsar, Ferozepur, Gurdaspur, Jullundur, Kapurthala and Ludhiana in the State of Punjab, where economic life had been disrupted on account of out-break of hostilities with Pakistan, temporary liberalisations were made in the provisions of the scheme, which would be applicable to fresh advances as well as renewals and also enhancements in credit limits granted during the period October 16, 1965 to end-February 1966. The maximum amount recoverable from the Guarantee Organisation in respect of such advances was raised from Rs. 1 lakh to Rs. 2.5 lakhs.

75. Under its liberalised scheme the State Bank of India provided assistance to small-scale industrial units on an increasing scale. The number of units assisted rose from 7,008 at the end of March 1965 to 9,171 at the end of March 1966; the working capital limits sanctioned to them under the Scheme also rose sharply from Rs. 35.23 crores at the end of March 1965 to Rs. 51.32 crores by the end of March, 1966. The amount of outstanding advances stood at Rs. 27.55 crores on March 31, 1966.

76. The State Bank and its subsidiaries also provided (i) medium-term credit facilities to small-scale industries for expansion and modernisation, (ii) credit under the Instalment Credit Scheme to small and medium-sized business concerns engaged in approved manufacturing operations for purchase of equipment or machinery and (iii) advances to units in the Rural Industries Projects, constituted by the State Governments. The State Bank, in addition, provided financial assistance to industrial co-operatives and also working capital facilities under the Guarantee Schemes of the National Small Industries Corporation, Ltd.

Unit Trust of India

77. In the second year of its operations, the Unit Trust of India was able to expand further its unit capital through sale of units, although the net accretion was of a small order. Applications for sale of units received during the year totalled 10,024, of which 9,994 applications were from individuals. The total amount subscribed was Rs. 215.44 lakhs, Rs. 213.61 lakhs from individuals and the balance of Rs. 1.83 lakhs from corporate bodies. Repurchase of units during the year amounted to Rs. 108.76 lakhs or 5.2 per cent of the aggregate funds subscribed by unit holders. The experience of the Trust in this regard is quite in line with unit trusts and also mutual funds of the U.K. and the U.S.A., respectively, where the corresponding percentage ranges between 5 and 7 per cent. The Trust extended, during the year, sale of units to non-residents also, following the general permission in this behalf given to the Trust by the Reserve Bank. With a view to popularising sales of units among the larger sections of the community, arrangements were made for sale of units from July 1966 through nearly 14,000 post offices in addition to 4,000 offices of leading banks. In addition to the 'approved' brokers on the stock exchanges, the Trust has, so far, appointed over 300 individual agents to canvass the sale of units and generally assist investors in purchasing units.

78. For 1965-66 the second year of its working, the Trust announced a dividend of 70 paise per unit of Rs. 10, i.e., 7 per cent per annum to unit holders.

79. The Unit Scheme 1964 offered by the Trust is meant to serve a wide class of investors. The question of devising other types of Unit Scheme and Saving Plan to cater to the varying investment preferences of the various categories of investors has also been under the consideration of the Trust. To enable the Trust to promote these schemes/plans, the Unit Trust of India Act, 1963 was amended by the Unit Trust of India (Amendment) Act, 1966 passed by Parliament in May 1966. Following the amendment, the Trust announced a 'Reinvestment Plan', effective July 1966, which offers to the existing unit holders the facility of automatic reinvestment of the income distribution due on the units held by them in further units. The Plan thus gives an opportunity to the existing unit holders to bring about an automatic growth of their investment in units. As part of the amendment to promote the sale of units, the Reserve Bank may, in terms of Section 20A, pay to the Trust from time to time, from out of the income distribution payable to the Bank by the Trust, any sum to be utilised by the Trust solely for meeting the losses arising out of or any additional amount required in connection with the variations made in the sale and repurchase price of a unit. Applications from existing unit holders for reinvestment of the income distributable for the year ended June 1968 numbered nearly 4,400. The number of units, with respect to which such reinvestment facility has been asked for, is 10,42,110. The Trust has also initiated action to formulate a Savings-cum-Insurance Plan. At the request of the Trust the Reserve Bank has appointed a Working Group on Savings-cum-Insurance Plans for the formulation of a suitable Plan. Institution of other plans like the Children's Gift Plans and Savings Plans are also under the consideration of the Trust.

80. An analysis of the sale transactions of the Trust upto December 1965 shows that bulk—nearly 80 per cent—of the applications from individuals was for units in lots of hundred or less. An occupational distribution of the unit-holders shows that "salary and wage earners" form the largest single group accounting for half the number of applications received. Nearly 50 per cent of the applications received and about 60 per cent of the sales made by the Trust were concentrated in the five major cities, namely, Bombay, Ahmedabad, Delhi, Calcutta and Madras.

Strengthening of the Banking Structure

81. The Reserve Bank's policy of encouraging non-viable units to merge with other banks so as to form strong regional units was pursued during the year under review. Fourteen banks transferred their liabilities and assets to eleven other banks. The business of three banks was taken over by the subsidiaries of the State Bank of India. No bank was amalgamated with another bank under Section 44A of the Banking Regulation Act. In 1964-65, 57 banks had transferred their assets and liabilities to 19 other banks, while eight banks were voluntarily amalgamated with five other banks. As regards reconstruction/amalgamation of banks under Section 45 of the Banking Regulation Act, 1949, two Pakistani banks were granted moratorium during the year, bringing the total number of banks to which moratorium has so far been granted to 56. Four banks which were under moratorium on June 30, 1965, were amalgamated with four other banks during the year under review. As regards liquidation of banks during 1965-66, two non-scheduled banks were ordered to be wound up by Court, while nine others went into voluntary liquidation, after obtaining from the Reserve Bank a certificate under Section 44(1) of the Banking Regulation Act. Certificates under Section 44(1) of the Banking Regulation Act, 1949, were issued to 24 non-scheduled banks to enable them to go into voluntary liquidation.

82. In pursuance of the objective of annual inspection of all banks, with a view to ensuring a sound banking system, 63 scheduled banks and 29 non-scheduled banks were inspected during 1965-66 under Section 35 of the Banking Regulation Act. In addition, scrutiny of the affairs of 82 banks was carried out for various purposes, the more important of which were: (i) judging whether there is a *prima facie* case for misfeasance proceedings, (ii) issue of certificate under Section 44(1), 49C, (iii) assessing impact on the transferee banks of the acquisition of business of other banks, (iv) determining the future set-up of banks and (v) investigating the alleged misappropriation of funds.

83. After examining the comments/representations received from 93 banks on the inspection reports, directives were issued in 49 cases while 17 banks were asked to submit periodical progress reports. No action was considered necessary in the case of 21 banks while the remaining six cases were under consideration. In some cases, representatives of banks were called for informal discussions with a view to pointedly bringing to their notice the main defects in the working of the institutions concerned and to impress upon them the need for taking expeditious steps for removing the defects in the working of the institution concerned. There are at present 55 banks (31 scheduled and 24 non-scheduled) working under

directions issued by the Bank and submitting periodical statements. In most cases, observers have been deputed to attend the Board/Committee meetings of the banks and to carry out periodical scrutiny of their current affairs.

Deposit Insurance Corporation

84. The number of banks insured under the facility provided by the Deposit Insurance Corporation declined further from 138 at the end of June 1965 to 107 by the end of June 1966 consequent upon the cancellation of registration of 31 banks, mainly as a result of amalgamations and transfers of deposit liabilities and equivalent assets to other insured banks. No payments had to be made during the year in respect of the insured deposits. Since its inception in January 1962 up to the end of June 1966, the Corporation has met claims aggregating Rs. 38.59 lakhs relating to nine banks. During the year, the Corporation received reimbursements amounting to Rs. 2.26 lakhs in respect of claims of three banks met earlier; total reimbursements received since 1962 amounted to Rs. 14.13 lakhs and related to eight banks.

Branch Expansion Programmes

85. Mention was made in the preceding two Reports of the emphasis in the Reserve Bank's policy on the spread of banking facilities to unbanked or under-banked areas, notably to semi-urban and rural areas. It was also mentioned that the Bank advised commercial banks to draw up their programmes for branch expansion in stages for a period of three years from August 1, 1962 to July 31, 1965, so that its permission could well be obtained in advance. This new procedure, which seeks to co-ordinate the programme of the various banks for promoting a planned and systematic extension of banking facilities to all the regions of the country evoked good response from the banks. During the three years, August 1962 to July 1965, when the programme came to a close, licences were issued to 47 banks for opening 616 new offices, including 231 at unbanked centres. Banks have so far opened 587 new offices, of which 220 are at unbanked centres. In view of the distinct advantages of the system of obtaining in advance branch expansion programmes from banks, the first expansion programme of commercial banks (other than the State Bank of India and its subsidiaries) was followed up by another one extending over a period of two years ending July 1967. The banks were asked to (i) quicken the pace of extension of banking facilities in some of the States which are comparatively under-developed in banking and (ii) continue their efforts towards the opening of branches at centres devoid of any banking facilities. After examining proposals submitted by banks, permission was given for opening 650 offices, of which 232 are in unbanked centres. Licences have been issued for opening 233 new offices, of which 79 are in unbanked centres. Under the second expansion programme, banks have opened 129 new offices (including 42 at unbanked centres).

86. The State Bank of India in its second phase of expansion between July 1, 1960 and June 30, 1965, had undertaken to open 300 branches between itself and its subsidiaries in the ratio of 145 to 155. It was subsequently felt that an expansion programme of this order was inadequate, as it would leave a large number of treasuries and sub-treasuries without banking facilities. The State Bank, therefore, undertook to open 319 branches between January 1, 1964 to December 31, 1968, under the third accelerated five-year programme. In the second phase of expansion, the Bank opened 118 branches against a target of 145. An additional fourteen branches (including one at Gangtok in Sikkim) were opened under this programme between July 1965 and June 1966. It was also agreed that further centres may be included in the Bank's expansion programme and these also be treated as falling under the second phase expansion programme. Thus, the number of approved centres as at the end of June 1966, under the second expansion programme stands at 163. Under the third expansion programme, the Bank opened 78 branches during the year ended June 1966. In order to ensure continuity of the expansion programme, the subsidiary banks were asked to proceed with the second expansion programme (July 1965 to June 1970), after the completion of the first in June 1965. During the year ended June 1966, the subsidiaries opened 34 branches under this programme.

87. The State Bank has also drawn up a scheme for the opening of 'one man' village offices by its seven subsidiaries at selected rural centres, mainly with a view to mobilising untapped rural deposits. These offices will be subsidised, the mode of subsidy payment being to meet in full, for the first five years, the losses incurred by these branches from the Integration and Development Fund. Up to June 1966, the subsidiaries have opened seven offices under this scheme. Thus

during the year July 1965 to June 1966, the State Bank of India and its subsidiaries opened 133 branches under their expansion programmes. The total number of offices of the State Bank of India and its subsidiaries as at the end of June stood at 1,996. The other scheduled banks (i.e., other than the State Bank of India and its subsidiaries) opened 165 new offices during the year at places which were not formerly served by either a scheduled bank or a non-scheduled bank having paid-up capital and reserves of over Rs. 50,000 and 218 new offices at other centres. In addition, 38 offices were added as a result of amalgamation and/or taking over of offices of non-scheduled banks consequent upon transfer of their liabilities and assets. As against these nine offices were closed between July 1965 and June 1966. Thus, the total number of offices of scheduled banks increased to 8,122 at the end of June 1966.

88. Three more clearing houses were established during the year, bringing the total number of clearing houses in the country to 84. Of these, 7 are managed by the Reserve Bank, 62 by the State Bank of India, 14 by the subsidiaries of the State Bank of India and one by a commercial bank.

Regulation of Business of Non-Banking Institutions relating to Acceptance of Deposits

89. It was mentioned in the last year's Report that in the light of the position revealed by the analysis of data relating to the deposits of non-banking companies and financial institutions, measures were being formulated for the regulation of the business of acceptance of deposits by these companies. Accordingly, the Reserve Bank, in exercise of the powers conferred on it by Section 45J, 45K and 45L of the Reserve Bank of India Act, 1934, issued two notifications on January 7, 1966 giving certain directions to (i) non-banking non-financial companies (except those under certain exempted categories) receiving deposits from the public and (ii) non-banking companies which carry on as their principal business hire-purchase transactions or the financing of such transactions.

90. The directions (i) prohibit the acceptance of short-term deposits by the companies; receipt or renewal of deposits of less than twelve months in the case of non-financial companies and six months in the case of hire-purchase companies is prohibited, (ii) prescribe certain particulars to be specified in any advertisement soliciting deposits, (iii) provide for the furnishing of receipts to depositors and the maintenance of registers of deposits received by them and (iv) require the inclusion of certain information relating to deposits in the reports of the Board of Directors of the companies. In case of hire-purchase companies, two additional requirements were laid down, viz. that every such company should (i) maintain in India as liquid assets, a sum equivalent to 9 per cent of the assets, in India of the said company and (ii) also secure that the aggregate of the company's receipts by way of instalments due to it under hire-purchase contracts during each half year (of an accounting year) is not less than 25 per cent of the amount outstanding under such contracts at the close of the previous accounting year.

91. The requirement regarding maintaining in India as liquid assets a sum equivalent to 9 per cent of the assets was amended on June 29, 1966, in terms of which, a hire-purchase company is now required to maintain in India as liquid assets a sum which shall not at the close of business on any day be less than 10 per cent of the deposits received by it and outstanding in its books on that day, instead of 9 per cent of its assets in India. Earlier, on April 4, 1966, also, the two notifications issued on January 7, 1966, were amended; the two important amendments are: (i) requiring companies to furnish to the Bank audited balance sheets and interim accounts so long as they hold deposits and (ii) modifying the definition of 'deposit' in respect of non-financial companies so as to exclude from its purview any money received from employees otherwise than by way of security as well as money received by a holding company from its subsidiary or by a subsidiary from its holding company or by a company from a holding company of its holding company.

92. The question of providing for more effective control and development of non-banking institutions carrying on banking or para-banking activities in the unorganised sector is under consideration and a new Department, viz. Department of Non-Banking Companies was established by the Bank at Calcutta in March 1966, for administering the provisions of Chapter III B of the Reserve Bank of India Act, 1934.

Miscellaneous

93. In the Report for 1962-63 mention was made of the promulgation by the Government of Pakistan on June 7, 1962, of the Pakistan Banking Companies Ordinance, under which foreign banks operating in Pakistan were required to maintain by way of paid-up capital and reserves an aggregate amount of Rs. 20 lakhs or 5 per cent of the total demand and time liabilities whichever was higher [Section 13(3) of the Ordinance]. The entire amount was required to be brought from outside the country and deposited with the State Bank of Pakistan within six months from the date of the Ordinance. As the provisions would have caused considerable hardship to Indian banks operating in Pakistan, the matter was taken up with the Government of Pakistan who exempted banks from the operation of that section of the Ordinance for a period of one year in the first instance from December 7, 1962. The exemption period was later extended and it was due to expire in December 1965. Indian banks having offices in Pakistan were, therefore, advised that if they could not meet the requirements of above provision from out of their resources in Pakistan, they might notify the Pakistan Government accordingly and take consequential action including closing of their offices in that country, if necessary.

94. Following the commencement of hostilities between India and Pakistan, Indian banks in Pakistan were reported to have been directed to suspend their business and their assets were vested in the Custodian appointed by the Government of Pakistan.

95. During the year, remittance facilities available to the scheduled banks in terms of the Reserve Bank of India Remittance Facilities Scheme were liberalised effective January 1, 1966. The corresponding facilities available to State Co-operative banks were also liberalised. The more important features of this liberalisation were: (i) raising of the minimum amount to Rs. 20,000 from Rs. 10,000 previously, between the banks' accounts at the offices of the Reserve Bank free of charge, and (ii) increasing the frequency from three times a week (free of charge, an amount of Rs. 5,000) to four times a week (free of charge, an amount of Rs. 10,000).

III. DEVELOPMENTS IN CO-OPERATIVE BANKING

96. The most important development in the co-operative banking sector during the year was the enactment of the Banking Laws (Application to Co-operative Societies) Act, 1965 (referred to in the last Report), which brought co-operative banks within the purview of the general banking legislation of the country. With the Act coming into force on March 1, 1966, some of the provisions of the Banking Regulation Act, 1949, relating to licensing of banks, maintenance of cash reserves and liquid assets, regulation of advances, issue of directions etc. became applicable to co-operative banks. Also, the voluntary inspections of co-operative banks by the Reserve Bank were replaced by statutory inspections under the Banking Regulation Act.

97. In regard to short-term agricultural credit, increasing emphasis continued to be placed on the crop loan system. Provision of finance under the scheme is to be arranged under a three-component formula consisting of (i) a cash component adequate to meet the needs of cultivation on a traditional plane, (ii) a kind component in the form of inputs such as fertilisers and pesticides and (iii) an additional cash component to meet cost of labour etc. involved in the use of inputs under the kind component subject, however, to the repaying capacity of the borrowers judged on the basis of expected value of produce. It was also felt necessary to strengthen the co-operative credit structure so as to enable central co-operative banks and primary agricultural credit societies to provide finance to farmers cultivating under the 'High Yielding Varieties Programme'. The Reserve Bank, on its part, would relax the usual terms and conditions for such lending. During the year, the policy governing grant of medium-term loans for agricultural purposes was rationalised. According to the revised policy the amount of loan is to be related to the outlay for the purpose for which it is required and the repaying capacity, instead of linking it to the value of the security. Also, in respect of financial accommodation to State co-operative banks for financing production and marketing of handloom weavers' societies, the assistance is to be on the basis of actual production and sales and not on the number of looms and the scale per loom as before. During the year, the National Agricultural Credit (Stabilisation) Fund constituted in 1956, was utilised for the first time to convert short-term dues to Reserve Bank owed by some State co-operative banks in the areas affected by scarcity conditions.

Co-operative credit policy, procedures and operations

98. In the sphere of short-term agricultural credit, emphasis continued to be placed on the crop loan system which has been accepted as a basic feature of the programme of co-operative development. As the progress made in the implementation of the system in most States till the end of 1964-65 was not encouraging, the Government of India convened in 1965-66, State Level Conferences at which the representatives of the Reserve Bank explained the various features of the system. Provision of credit under the system is related to the cost of cultivation of each crop including the value of inputs such as fertilisers, etc. subject to the repaying capacity of the borrower which is judged in relation to the expected value of produce rather than the security which he can offer. The other features of the scheme include linking of credit with marketing, observance of seasonality in advances and repayments depending upon the timings of sowing and harvesting of crops, etc.

99. The Standing Advisory Committee on Rural and Co-operative Credit at its meeting held on April 28, 1966, discussed the role of co-operative credit in the context of special schemes for agricultural production such as the High Yielding Varieties Programmes. It was agreed that officers of the Reserve Bank would also participate in the tours of Central Teams deputed by the Ministry of Food, Agriculture, Community Development and Co-operation, to various States to ascertain measures needed to strengthen the co-operative credit structure, with the immediate object of enabling the central co-operative banks and the primary credit societies to provide the necessary credit to the farmers cultivating High Yielding Varieties. The Committee also recommended the setting up of a committee to go into the problems of rural credit. The Reserve Bank, on its part, agreed to relax the usual terms and conditions in respect of central co-operative banks for the purpose of financing cultivators participating in the High Yielding Varieties Programme. In particular, the stipulation that borrowings from the Reserve Bank should be matched by non-overdue loans outstanding against primary agricultural credit societies in respect of such financing was relaxed. It was decided to sanction, subject to certain conditions, special credit limits to the concerned central co-operative banks for the High Yielding Varieties Programme, which is to cover 4.89 million acres during 1966-67. The conditions are that (1) the loans out of these limits would not be available to defaulting members of primaries; (2) every individual would contribute to the share capital of the society an amount equivalent to 10 per cent of his borrowings from it; (3) loans for inputs like fertilisers would be disbursed only in kind; (4) the State co-operative bank would repay all the loans taken by it for financing the kharif crops under the programme on or before March 31, 1967, and (5) every member would undertake to sell his produce through the agency approved by the primary agricultural credit societies. Since the programme is to be extended also to persons who are not members of co-operative societies, the Bank suggested that the Government or any other agency approved by the Government should not give non-members credit on more favourable terms and conditions than those on which members of societies would obtain their loans.

100. The option given to 'A' and 'B' class central co-operative banks (referred to in the last year's Report) which had furnished the guarantee of the State Government for borrowings made on their behalf by the State co-operative banks, to apply for credit limit without such guarantee and on their own good signatures with effect from 1965-66, was also made available to 'A' and 'B' class banks in areas in which the intensive Agricultural District Programme was in operation. The credit limits sanctioned by the Bank to the State co-operative banks for seasonal agricultural operations and marketing of crops at the concessional interest rate of 2 per cent below the Bank rate, increased from Rs. 200 crores in 1964-65 to Rs. 212.66 crores in 1965-66. Drawals aggregated Rs. 260.72 crores during the above period, while repayments were Rs. 267.53 crores; in the result, the outstandings at the end of the year at Rs. 143.73 crores were lower by Rs. 6.81 crores than those at the end of the previous year. In addition, the Bank sanctioned special limits of Rs. 7.52 crores to the State co-operative banks in Madhya Pradesh, Andhra Pradesh, Madras and Mysore to finance the High Yielding Varieties Programme. Short-term loans amounting to Rs. 32.68 crores were also sanctioned to some State co-operative banks for general banking purposes at the Bank rate.

101. The policy governing the issue of medium-term loans for agricultural purposes was rationalised during the year. Instead of linking the amount of

loan to the value of security, it is now to be related to the outlay for the purpose for which it is required and the balance of the repaying capacity as available after making due allowance for requirements of short-term credit. The medium-term credit limits sanctioned by the Bank during the year 1965-66 for 'approved' agricultural purposes amounted to Rs. 14.06 crores as against Rs. 14.39 crores sanctioned in the previous year. The drawals on these limits amounted to Rs. 7.45 crores and constituted about 53 per cent of the loans sanctioned; repayments aggregated Rs. 6.78 crores. The amount outstanding against the State co-operative banks as on June 30, 1966 was Rs. 14.96 crores.

102. Financial accommodation to State co-operative banks on behalf of central banks under Section 17(2) (bb) for financing the production and marketing of handloom weavers' societies was being provided at rates ranging between Rs. 300 to Rs. 500 per loom. The basis for sanctioning the limits was shifted during the year from the number of looms and the scale per loom to the actual production and sales during the year. As this production oriented system of financing might reduce the quantum of credit which some societies had been enjoying, it was decided to allow the banks and societies a period of one year to bring about the necessary adjustments. The credit limits sanctioned for financing the production and marketing activities of handloom weavers' co-operative societies for the financial year 1965-66: at the concessional interest rate of $\frac{1}{2}$ per cent below the Bank rate under Section 17(2) (bb) or (4)(c) of the Reserve Bank of India Act totalled Rs. 6.73 crores compared to Rs. 5.90 crores for financial year 1964-65. The drawals on these limits aggregated Rs. 5.65 crores and the outstandings at the end of the year amounted to Rs. 5.57 crores. The Bank sanctioned limits aggregating Rs. 1.00 crore at the Bank rate under Section 17(2)(a) or (4)(c) of the Act for financing commercial or trade transactions of the apex handloom weavers' societies.

103. In view of the scarcity conditions prevailing in the various parts of the country, the National Agricultural Credit (Stabilization) Fund constituted in 1956 under Section 46B(2) of the Reserve Bank of India Act, was utilised for the first time during the year, to convert the short term dues to the Reserve Bank from the central co-operative banks in areas affected by these conditions. During the year a sum of Rs. 4.82 crores was sanctioned to five State co-operative banks on behalf of 63 central co-operative banks against which they drew a sum of Rs. 4.68 crores. A reference was made in the last year's Report to the scheme for the building up of the agricultural credit stabilization funds at various levels of the co-operative credit structure by contributing to it at least 25 per cent of the net annual profits every year of each central and apex co-operative bank. However, as it was felt that the co-operative banks would not be able to contribute on such a high scale, the minimum contribution was reduced, in consultation with the Standing Committee, to 15 per cent of net profit. A recommendation was also made to the State Governments that they might make outright contributions aggregating Rs. 20.48 crores to the stabilization funds of the State co-operative banks with suitable assistance from the Government of India. The Ministry of Finance has since approved a contribution of Rs. 4.4 crores to 6 States in 1965-66.

104. Loans sanctioned to State Governments at a concessional interest out of the National Agricultural Credit (Long-term) Fund to enable them to contribute to the share capital of co-operative credit institutions amounted to Rs. 2.68 crores. The Government drew a sum of Rs. 2.68 crores against this and the outstandings at the end of the financial year 1965-66 stood at Rs. 28.42 crores. The State Governments were advised of the manner in which the requirement of Government capital by co-operative credit institutions should be assessed.

105. Last year the Bank had made known to State Governments that due to stringent conditions in the money market and various other developments, it would not be possible for the 3 public sector institutions, viz., the Life Insurance Corporation, the State Bank of India and the Reserve Bank of India to support a debenture programme of central land mortgage banks in excess of Rs. 23 crores in the financial year 1965-66. The amount that would qualify for the assumed support as above for each land mortgage bank was also indicated, keeping in view the needs of balanced development as between the relatively well established banks and the more recently organised ones, the extent of the uncovered mortgages as on March 31, 1965, and the need to clear off the outstandings under the overdrafts from the State Bank of India, etc. However, the programme approved was found to be inadequate to fulfil the large loaning programmes of the land mortgage banks. As the Life Insurance Corporation and the State Bank of India agreed to raise their contribution, the programme

was increased to Rs. 35 crores (excluding the amount of Rs. 4 crores which the Government of Maharashtra had agreed to contribute to the debentures of the State land mortgage bank). The support of the Life Insurance Corporation and the State Bank of India continued to be 30 per cent and 10 per cent of the floatation by each bank. The support of the Reserve Bank was reduced from September 1965, from 20 per cent to 10 per cent of the floatation or the shortfall in public subscription whichever was lower.

106. At a meeting of the representatives of the land mortgage banks, the Life Insurance Corporation, the State Bank of India and the Government of India convened by the Reserve Bank in February 1966, the debenture programmes of the banks during the financial year 1966-67 were discussed. The amount to be floated with the support of the three public sector institutions during 1966-67 was fixed at Rs. 35.75 crores. The land mortgage banks in the country were grouped into three categories on the basis of their stage of development and the support extended by the three public sector institutions was fixed at 50 per cent, 55 per cent and 60 per cent of each series, respectively. The amount to be floated by the banks and the extent of support from the public sector institutions were indicated to the banks. It was also made clear that the banks could float debentures exceeding the above limits, provided they raised the additional amounts without support from the three public sector institutions.

107. During the year ending March, 1966, fourteen central land mortgage banks issued ordinary debentures for a total of Rs. 40.93 crores, of which Rs. 4.60 crores or 11.24 per cent were taken up by the Bank, while co-operative institutions, the National Co-operative Development Corporation, the State Bank of India and the Life Insurance Corporation of India subscribed Rs. 26.87 crores. The Bank's support to the rural debentures issued by the central land mortgage banks continued to be linked to the response from the public in the proportion of 8:7. Rural debentures for Rs. 3.18 crores were floated by the central land mortgage banks in Gujarat, Maharashtra, Andhra Pradesh, Madras and the Punjab. The response from the public, however, was poor and the banks could collect only Rs. 2.40 crores, of which Rs. 1.28 crores were subscribed by the Reserve Bank. During the year the Andhra Pradesh and Madras Central Land Mortgage Banks issued special development debentures for amounts aggregating Rs. 4.91 crores of which Rs. 4.30 crores were contributed by the Agricultural Refinance Corporation and the balance by the State Governments. Special development debentures were also floated for Rs. 1.45 lakhs by the Kerala Land Mortgage Bank for the cultivation of rubber under the scheme approved by the Reserve Bank. The Bank's holdings in rural and special development debentures rose from Rs. 4.75 crores at the end of June 1965 to Rs. 5.48 crores by the end of June 1966.

108. The question of investment of the surplus funds of the central and State co-operative banks vis-à-vis their indebtedness to the higher financing agencies of the Reserve Bank of India and the requirements of Sections 18 and 215 of the Banking Regulation Act was examined and the following principles were laid down for the guidance of Registrars who are often approached by the banks for permission to invest surplus funds with commercial banks: (a) Central and State co-operative banks might maintain excess liquidity upto 20 per cent of the minimum liquid assets prescribed under the standards of liquidity or upto 1 per cent of the working capital whichever was more and the funds in excess of this level should be utilized by the central banks in reducing their borrowings from the State co-operative banks and (b) within the optimum liquidity indicated above, the central banks should give preference to the State co-operative bank and also to the State Bank of India and its subsidiaries in the matter of investment of funds. These principles would govern the investment of surplus funds of the State co-operative banks, also. The observance of the conditions stipulated is being watched through monthly returns from the co-operative banks.

109. The voluntary inspections of co-operative banks by the Reserve Bank were replaced with effect from March 1, 1966, by statutory inspections under Section 35 of the Banking Regulation Act, 1949 (as applicable to co-operative societies). Till that date 19 State co-operative banks and 215 central co-operative banks had been inspected under the voluntary inspection scheme. Thereafter statutory inspections of one State co-operative bank, 87 central co-operative banks and 30 primary co-operative banks were taken up under Section 35 of the above Act. Of the 30 primary cooperative banks, 4 were inspected by the officers of the State co-operative banks as permitted by Section 35(1) of the Banking Regulation Act and the rest by officers of the Reserve Bank.

Inspection of central land mortgage banks and apex handloom weavers' co-operative societies continues to be on a voluntary basis as they do not come under the purview of the said Act. During the year, 12 central land mortgage banks and 3 apex handloom weavers' societies had been inspected.

Co-operative Development Policy

110. A reference has been made earlier to the enactment of the Banking Laws (Application to Co-operative Societies) Act, 1965 which extended the Reserve Bank of India's statutory control to co-operative banks also. The Act came into force on March 1, 1966. The co-operative banks covered under this legislation include State co-operative banks, central co-operative banks and primary co-operative banks. Such co-operative banks like industrial cooperative banks, if they are declared to be State or central co-operative banks by the concerned State Governments in terms of Section 2(f) or 2(bi) of the Reserve Bank of India Act, also come within the purview of the new legislation. Land mortgage banks, all primary agricultural credit societies and those primary non-agricultural credit societies having paid-up capital and reserves of less than rupees one lakh are excluded from the purview of this legislation. The main provisions of the Act are:

- (i) All co-operative banks to which the Act applies, were required to apply for a licence to the Reserve Bank within three months of the commencement of the Act; a primary credit society becoming a primary co-operative bank after the commencement of the Act has also to apply for a licence within three months from the date on which it becomes a primary co-operative bank. Such banks are permitted to carry on banking business until they are granted a licence or are informed that a licence cannot be granted to them.
- (ii) Every co-operative bank except a scheduled State co-operative bank has to maintain either with itself or with a higher financing agency, a cash reserve of not less than 3 per cent of its total demand and time liabilities.
- (iii) Every co-operative bank is required to maintain liquid assets, including the minimum cash reserve of 3 per cent, of not less than 20 per cent of its total demand and time liabilities. This requirement will be raised to 28 per cent after a period of 2 to 3 years.
- (iv) The co-operative banks, with the exception of central co-operative banks, are required to obtain the permission of the Reserve Bank for opening branches. The broad policy laid down in this regard is that the State co-operative banks will be allowed to open branches only at the headquarters of the State. This restriction will, however, not apply to the State co-operative banks in Union Territories as they also operate as central co-operative banks in these areas. In the case of primary co-operative banks, the opening of a branch within the area of its operation will be considered on the basis of the availability of the banking facilities and the deposit potential of the area, taking into account the special requirements of the different types of primary co-operative banks such as co-operative banks, salary earners, societies, etc.
- (v) The Act prohibits co-operative banks from combining trading with banking, holding of non-banking assets and creation of floating charges on assets and requires them to obtain Reserve Bank's approval for investment in shares of co-operative concerns lying outside their area of operation.

111. The Act also made some amendments to the Reserve Bank of India Act which enabled the Bank to include State co-operative banks in its second schedule. Each scheduled State co-operative bank will have to maintain with the Reserve Bank a minimum average daily balance of 3 per cent of its total demand and time liabilities as against the requirement of 2½ per cent of demand liabilities and 1 per cent of time liabilities in the case of banks which are not scheduled but are taking advantage of the Bank's remittance facilities.

112. The provisions of the Banking Regulation Act, which confer on the Reserve Bank the powers to supersede, wind up, amalgamate or reconstruct banks, are not applicable to co-operative banks. These powers continue to vest in Registrars of Co-operative Societies. If, however, co-operative banks are to be brought within the purview of the Deposit Insurance Corporation Act, some of these powers will have to be vested in the Reserve Bank. A number of

States, have, therefore, agreed to amend their Co-operative Societies Acts so as to vest in the Reserve Bank the necessary powers. The Government of India is considering an amendment to the Deposit Insurance Corporation Act, so as to extend it to co-operative banks also.

113. The Bank's Standing Advisory Committee on Rural and Co-operative Credit met three times during the year and considered, *inter alia*, the problems of co-operative credit in the context of special schemes for agricultural production, the establishment of agricultural credit stabilisation funds at various levels of the co-operative credit structure, the provision of medium-term loans for the purchase of milch cattle through milk supply societies, etc. An important recommendation of the Committee was that as a transitional arrangement, the milk supply societies, can be recognised, as the agency through which finance can flow in an area in which a co-operatively organised dairy development project was in effective operation provided (i) the existing co-operative structure was weak or was not in a position to take up this activity and (ii) the milk supply society was a viable unit and there was cooperative cohesion among its members. The Committee also felt that the Reserve Bank could not give substantial finance from the Long-term Operations Fund for the purchase of milch cattle.

114. While the work on the Fourth Five Year Plan on Co-operative Development was in progress, the plans for the year 1966-67 were finalised by the Planning Commission in consultation with the representatives of the State Governments, the concerned Departments of the Government of India, the Reserve Bank and the State Bank of India in November 1965. In regard to the cooperative credit structure, the emphasis was particularly on the revitalisation of primary agricultural credit societies so as to make them viable on the lines of the recommendations of the Conference of State Ministers for Co-operation held at Hyderabad in June 1964. A total financial outlay of Rs. 12.65 crores has been approved by the Planning Commission for co-operative development during 1966-67.

115. The Deputy Governor in charge of Rural Credit held discussions, as in the previous years, with the official and non-official representatives of the co-operative movement in the various States during January-May 1966 on the outstanding issues relating to cooperative development in the States.

Agricultural Refinance Corporation

116. The activities of the Agricultural Refinance Corporation showed improvement during the year under review. The Corporation sanctioned 24 schemes during the year as against 9 schemes in 1964-65 and 3 schemes in 1963-64. The schemes relate to land reclamation and soil conservation, development of plantation crops such as rubber, tea, coffee, coconut, arecanut and also to poultry farming. The States to be benefited by these schemes are Andhra Pradesh, Assam, Dnt, Gujarat, Kerala, Madras, Maharashtra, Mysore, Rajasthan and West Bengal. The total financial outlay involved in these 24 schemes is Rs. 17.96 crores and the Corporation's commitment amounted to Rs. 14.17 crores or 79 per cent. Of the 24 schemes, 10 schemes are to be financed by central land mortgage banks; the refinance amounting to Rs. 12.48 crores is to be provided in the form of subscription to the special development debentures to be floated for the purpose. The remaining 14 schemes involving refinance to the extent of Rs. 1.69 crores are to be financed by scheduled banks.

117. Thus, during its three years of working the Corporation sanctioned 36 schemes in all involving a total financial outlay of Rs. 34.73 crores and the Corporation's commitment in respect of these schemes is Rs. 28.57 crores. In addition to the schemes actually sanctioned, several schemes including development of fisheries, cardamom, mangoes, grapes, etc. are under the consideration of the Corporation.

118. During the year under review the Corporation disbursed a sum of Rs. 4.45 crores of which Rs. 4.30 crores were in the form of contribution to the special development debentures floated by the land mortgage banks under the schemes for the reclamation and development of land and the balance of Rs. 14.70 lakhs were to scheduled banks under schemes for development of tea and coffee plantations. The disbursements when viewed in relation to commitments are small but this could be attributed to the fact that the schemes are to be implemented over a number of years and drawals from the Corporation are also to be made accordingly.

119. In order to help the small tea planters the Corporation, in association with the Agricultural Credit Department of the Reserve Bank of India, made a

study of the problems facing small tea planters in North and South India and published the results in August 1965. On the basis of this study, the Corporation felt that the small planters could be helped through the agency of the land mortgage banks and for this purpose made certain suggestions to the concerned State Governments, such as raising of ceilings on long-term and short-term loans to planters, giving of subsidies to uneconomic plantations, proper arrangements for supervision and technical advice and co-operative processing. These suggestions are now under the consideration of the Punjab and Madras Governments.

IV. EDUCATION AND TRAINING

120. Over the years the Reserve Bank of India has been taking an active part in the improvement of the quality and standards of the banking personnel. It has been sponsoring, organising and conducting appropriate training courses for different categories of personnel in commercial and co-operative banks, as well as for its own staff. During 1965-66 a new course for the managerial personnel of co-operative banks was added to the list of training courses following the enactment of the Banking Laws (Application to Co-operative Societies) Act, 1965. This course is intended to equip the managerial personnel of co-operative banks with up-to-date knowledge of practices and procedures of modern banking. Two such courses were conducted during the year at the Banker's Training College, Bombay, and 56 officers of co-operative banks participated in them.

121. The Bankers' Training College, Bombay, continued to conduct courses for the supervisory personnel of commercial banks. The College held during the year ten courses—three senior and four intermediate courses in banking, and one course each in foreign exchange, industrial finance and personnel and organisation. 339 officers of commercial and co-operative banks, State Financial Corporations, etc. attended these courses.

122. For its own staff, the Reserve Bank has been running since August 1963, a Staff Training College at Madras where training is imparted to junior supervisory staff. During the year, the College conducted five general courses each of eight weeks' duration for improving the operational efficiency of the staff. The number of employees who received training in these courses was 221. The College has also been conducting inspection-oriented course for the staff of the Department of Banking Operations and Development and Agricultural Credit Department. During the year, four such courses each of ten weeks' duration were held, in which 96 employees received training.

123. The officers of State Co-operative Banks are being given training in inspection techniques and procedures as, by virtue of Section 35 of the Banking Regulation Act, the Reserve Bank can arrange for an inspection of a primary co-operative bank through one or more officers of the State Co-operative Bank in the State in which the primary co-operative bank carries on business. Two Special Courses for the key personnel of the apex/central co-operative banks were organised at the Bankers' Training College at Bombay during the year and 56 officers of apex and central co-operative banks were trained. In addition, training facilities are provided by the Agricultural Credit Department of the Bank to the Registrars of Co-operative Societies and to the bank officers of the Co-operative Departments of different State Governments.

124. During the year, three induction courses of five weeks duration were held for employees selected for the posts of junior officers Grade II. The number of officers who participated in these courses was 103. A new eight week induction course for rural credit officers selected from members of the staff of the Bank was started on June 13, 1966, with 43 employees participating.

125. In addition, the clerical staff of the Bank (clerks Grade I and II) receive training courses at the Zonal training centres at Bombay, Calcutta, Madras, New Delhi and Nagpur. So far 383 employees in the category Grade I and 1,536 belonging to Grade II received training. In addition 566 new entrants participated in these courses.

126. Till recently, the courses conducted in the Training establishment of the Reserve Bank covered only the junior supervisory and clerical staff. During 1965-66 seminars on management were arranged for the officers of the Bank in Calcutta and Bombay. Two specialists of the Indian Institute of Management, Calcutta, and some 60 officers of the Bank participated in these seminars.

127. Mention was made in last year's Report of classes held at Bombay to provide facilities to the staff for learning Hindi. Arrangements were made during the year to start such classes for the staff at Byculla (Bombay), Hyderabad, Madras and Trivandrum offices.

V. ACCOUNTS AND OTHER MATTERS

128. During the accounting year ended June 30, 1966, the Bank's income after making statutory and other provisions, amounted to Rs. 67.53 crores as against Rs. 62.27 crores in the previous year. The expenditure which included establishment expenses and provision for sundry liabilities and contingencies, amounted to Rs. 17.53 crores as against Rs. 14.27 crores last year. The net profit available for payment to Central Government was Rs. 50 crores as against Rs. 48 crores paid last year.

129. The contributions to the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund this year were higher at Rs. 15 crores and Rs. 6 crores, respectively, than in the previous year (Rs. 14 crores and Rs. 1 crore, respectively). The contribution to the National Industrial Credit (Long Term Operations) Fund was Rs. 5 crores, the same as in the previous year.

130. The rise of Rs. 5.26 crores in income this year was mainly due to increased earnings by way of interest on rupee securities and on Loan and Advances and also discount on Treasury Bills. The rise of Rs. 3.26 crores in expenditure was mainly under the heads 'Establishment', 'Security Printing' and 'Agency Charges'. The increase under 'Establishment' was due to revision of pay scales of Officer and Supervisory staff in October 1965, payment of dearness allowance at enhanced rates to 'Award Staff' owing to the rise in index figures and increments granted to the staff in the time scales of pay. The increase under 'Security Printing' was due to a rise in the manufacturing cost of Bank Note Forms and increase in the indents for their supply, while that under 'Agency Charges' was due to increased commission paid to the State Bank of India and its subsidiaries on account of larger turnover of Government transactions.

Auditors

131. The accounts of the Bank have been audited by Messrs. S. B. Billimoria and Company of Bombay, Messrs. P. K. Ghosh and Company of Calcutta and Messrs. Brahmayya and Company of Madras who were appointed by the Government of India as auditors of the Reserve Bank of India for the year 1965-66 by notification No. F. 3(46)-BC/65 dated October 22, 1965, issued in exercise of the powers conferred by Section 50 of the Reserve Bank of India Act.

The Central Board

132. Shri C. S. Divekar relinquished charge of the office of Deputy Governor from the close of business on November 11, 1965, on the expiry of his term of appointment. The Board wishes to place on record its high appreciation of the valuable services rendered by Shri Divekar.

133. Prof. C. N. Vakil and Shri N. A. Palkhivala retired as Directors from the Central Board of the Bank on the expiry of their terms of office on January 23, 1966 and January 14, 1966, respectively, but both were re-nominated by the Government of India as Directors of the Central Board in terms of Section 8 (1) (c) of the Reserve Bank of India Act, 1934.

134. On the expiry of term of appointment Shri D. R. Joshi relinquished office as Executive Director with effect from the close of business on May 31, 1966. Sarvashri N. D. Wadia and R. K. Seshadri have been appointed as Executive Directors with effect from May 26 and June 1, 1966, respectively.

135. Seven meetings of the Central Board were held during the year, four in Bombay and one each in Calcutta, New Delhi and Madras. The Committee of the Central Board held fifty-three meetings, of which four were held in New Delhi, three in Calcutta, one in Madras and the rest in Bombay.

Local Boards

136. Shri E. B. V. Raghavaiah resigned his membership of the Southern Area Local Board with effect from March 1, 1966, and the vacancy was filled by the nomination of Shri M. Sudarsanam in terms of Section 12(3) of the Reserve Bank of India Act.

Opening and Closing of Offices and Changes in the Organisation and Management

137. The regional office of the Agricultural Credit Department and the Public Debt Office at Lucknow were closed and instead were opened at Kanpur in June 1966. On transfer of the Public Debt Office from Lucknow to Kanpur, it was converted into full-fledged Public Debt Office, i.e. it will act as a Parent Public Debt Office in respect of all U.P. Government loans and as a local Public Debt Office in respect of all decentralised Central Government loans and other State Government loans.

138. The Central Government work at Kanpur hitherto attended to by the local State Bank of India was taken over by the Kanpur Office effective April 1, 1966.

139. With a view to providing more effective control over non-banking institutions carrying on banking or para-banking activities in the unorganised sector and also to assist in their development the Bank set up at Calcutta in March 1966, a new Department called Department of Non-Banking Companies.

Bank's Premises

140. The Bank's new office building at Calcutta was completed in November 1965, and the office started functioning in the new premises from that month. The Kanpur office was shifted to the new building on completion of the first phase of construction in February 1966. The work on the remaining portion of this building is in progress. The construction of the new office building at Patna is also in progress. The proposed office buildings at Bombay (Backbay Reclamation), Chandigarh, Bhubaneswar, Bangalore, Hyderabad and Trivandrum and the proposed sub-office buildings at Poona, Gorakhpur and Tiruchirapalli are in the planning stage. Land has been secured for the proposed office buildings at Gauhati and Bhopal and for the sub-office buildings at Ajmer.

141. All the buildings in the Staff Colony at Santa Cruz, Bombay, were completed during the year and occupied. Construction of quarters at Singhi Park, Calcutta, is in progress and is expected to be completed by the end of 1966. Construction of the Officers' Quarters at Calcutta and Bombay is also in progress, while construction of staff quarters at Patna has recently commenced.

Employer-Employee relations

142. The Award of the National Industrial Tribunal (Bank Disputes) relating to the scales of pay and allowances and other service conditions of the workmen staff of the Reserve Bank of India expired on October 29, 1965. Bipartite discussions between the representatives of the employees' unions and the management of the Reserve Bank of India for considering the demands made by workmen employees for improvement in their wages and other conditions of service, are in progress.

RESERVE BANK OF INDIA

Balance Sheet as at June 30, 1966

ISSUE DEPARTMENT

LIABILITIES					ASSETS				
	Rs.	P.	Rs.	P.		Rs.	P.	Rs.	P.
Notes held in the Banking Department	39,70,61,399.00				Gold Coin and Bullion :—				
					Held in India	115,89,24,794.75			
					(b) Held outside India				
Notes in circulation	2867,48,14,694.00				Foreign Securities	221,42,01,425.65			
Total notes issued			2907,18,76,093.00		Total			337,31,26,220.40	
					Rupee				
					Coin			84,95,91,175.75	
					Government of India				
					Rupee				
					Securities			2484,91,58,696.85	
					Internal				
					Bills of Exchange				
					and other				
					Commercial Paper				
Total Liabilities			2907,18,76,093.00		Total Assets			2907,18,76,093.00	

BANKING DEPARTMENT

LIABILITIES		ASSETS	
	Rs. P.		Rs. P.
Capital Paid-up	5,00,00,000·00	Notes	39,70,61,399·00
Reserve Fund	80,00,00,000·00	Rupee Coin	61,805·00
National Agricultural Credit (Long-Term Operations) Fund	115,00,00,000·00	Small Coin	2,35,127·10
National Agricultural Credit (Stabilisation) Fund	16,00,00,000·00	Bills Purchased and Discounted :—	
National Industrial Credit (Long Term Operations) Fund	20,00,00,000·00	(a) Internal . . . . .	..
Deposits :—		(b) External . . . . .	..
(a) Government		(c) Government Treasury Bills	106,11,94,891·49
(i) Central Government	50,26,46,299·45	Balances held Abroad§	26,99,67,868·71
(ii) State Governments	22,51,13,489·79	Investments§§	431,23,17,770·68
(b) Banks		Loans and Advances to :—	
(i) Scheduled Banks	134,14,21,009·45	(i) Central Government . . . . .	..
(ii) State Co-operative Banks	14,23,78,111·33	(ii) State Governments*	20,68,00,000·00
(iii) Other Banks	13,42,667·77	Loans and Advances to :—	
(c) Others	333,25,07,422·58	(i) Scheduled Banks†	39,20,000·00
Bills Payable	34,18,42,509·41	(ii) State Co-operative Banks‡	148,90,01,803·00
Other Liabilities	48,39,42,751·06	(iii) Others	1,90,64,500·00
		Loans, Advances and Investments from National Agricultural Credit (Long-Term Operations) Fund	
		(a) Loans and Advances to :—	
		(i) State Governments	29,40,73,192·85
		(ii) State Co-operative Banks	14,95,86,086·01
		(iii) Central Land Mortgage Banks . . . . .	..
		(b) Investment in Central Land Mortgage Bank Debentures	5,83,76,630·00
		Loans & Advances from National Agricultural Credit (Stabilisation) Fund	
		Loans and Advances to State Co-operative Banks	4,68,31,344·00
		Loans, Advances and Investments from National Industrial Credit (Long-Term Operations) Fund	
		(a) Loans and Advances to the Development Bank	3,84,17,260·00
		(b) Investment in bonds/debentures issued by the Development Bank . . . . .	..
		Other Assets	38,42,84,583·00
Total Liabilities	873,11,94,260·84	Total Assets	873,11,94,260·84

Contingent liability on partly paid shares Rs. 10,50,001·05. (Sterling Investments of £50,000/- converted @ Rs. 100=£4·7619).

§Includes Cash and Short-term Securities. §§ (i) Excluding Investments from the National Agricultural Credit (Long-Term Operations) Fund and the National Industrial Credit (Long Term Operations) Fund. (ii) Includes £50,000 and U. S. \$ 978,750 held abroad. *Excluding Loans and Advances from the National Agricultural Credit (Long-Term Operations) Fund †Includes Rs. Nil advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act. ‡Excluding Loans and Advances from the National Agricultural Credit (Long-Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

K. C. MITRA,

Chief Accountant.

Dated, the 21st July 1966.

P. C. BHATTACHARYYA,

M. R. BHIDE,

B. K. MADAN,

B. N. ADARKAR,

Governor.

Deputy Governor.

Deputy Governor

Deputy Governor

PROFIT AND LOSS ACCOUNT						
FOR THE YEAR ENDED						
	June 30, 1966		June 30, 1965		June 30, 1964	
	Rs.	P.	Rs.	P.	Rs.	P.
INCOME						
Interest, Discount, Exchange, Commission, etc.*	67,52,54,502	47	62,26,61,523	98	52,22,24,259	20
EXPENDITURE						
Establishment	8,94,25,875	37	7,51,04,498	81	6,41,15,966	48
Directors' & Local Board Members' Fees & Expenses	71,490	87	63,596	75	51,779	58
Auditors' Fees	30,000	00	30,000	00	30,000	00
Rent, Taxes, Insurance, Lighting, etc.	40,45,684	58	36,03,995	68	30,04,208	01
Law Charges	48,332	67	18,967	99	23,106	53
Postage and Telegraph Charges	7,76,425	43	5,38,765	95	4,64,130	54
Remittance of Treasure	44,61,098	57	41,41,836	27	43,01,677	74
Stationery, etc.	20,27,981	10	14,04,875	10	13,02,036	15
Security Printing (Cheque, Note Forms, etc.)	3,94,18,299	90	2,48,34,512	20	1,92,64,230	28
Depreciation and Repairs to Bank Property	49,01,584	56	47,86,406	15	46,03,617	86
Agency Charges	2,60,72,804	94	2,45,19,273	05	2,20,25,581	33
Contributions to Staff and Superannuation Funds	7,32,000	00	7,32,000	00	7,32,000	00
Miscellaneous Expenses	32,42,547	34	28,82,031	00	23,05,411	27
Net available balance	50,00,00,377	14	48,00,00,765	03	40,00,00,513	63
Total	67,52,54,502	47	62,26,61,523	98	52,22,24,259	20
Surplus payable to the Central Government	50,00,00,377	14	48,00,00,765	03	40,00,00,513	63
RESERVE FUND ACCOUNT						
			Rs.	P.		
By Balance on 30th June, 1966			80,00,00,000	00		
By transfer from Profit and Loss Account			Nil.			
Total			80,00,00,000	00		

*After making usual or necessary provision in terms of Section 47 of the Reserve Bank of India Act.

K. C. MITTRA,
Chief Accountant.

P. C. BILATTAACHARYYA, Governor.
M. R. BHIDE, Deputy Governor.
B. K. MADAN, Deputy Governor.
B. N. ADARKAR, Deputy Governor.

REPORT OF THE AUDITORS

TO THE PRESIDENT OF INDIA,

We, the undersigned Auditors of the Reserve Bank of India, do hereby report to the Central Government upon the Balance Sheet and Accounts of the Bank as at 30th June, 1966.

We have examined the above Balance Sheet with the Accounts, Certificates and Vouchers relating thereto of the Central Office and of the Offices at Calcutta, Bombay and Madras and with the Returns submitted and certified by the Managers of the other Offices and Branches, which Returns are incorporated in the above Balance Sheet, and report that where we have called for explanations and information from the Central Board such information and explanations have been given and have been satisfactory. In our opinion, the Balance Sheet is a full and fair Balance Sheet containing the particulars prescribed by and in which the assets have been valued in accordance with the Reserve Bank of India, Act, 1934 and the Regulations framed thereunder and is properly drawn up so as to exhibit a true and correct view of the state of the Bank's affairs according to the best of our information and the explanations given to us, and as shown by the Books of the Bank.

S. B. BILLIMORIA & CO.,
P. K. GHOSH & CO.,
BRAHMAYYA & CO. } Auditors.

Dated, the 21st July, 1966.

[No. F. 3(52)BC/66].
A.R. SHIRALI, Jt. Secy

(Department of Revenue & Insurance)*New Delhi, the 6th September 1966*

S.O. 2721.—In exercise of the powers conferred by section 15 of the Emergency Risks (Factories Insurance) Act, 1962 (63 of 1962), the Central Government hereby makes the following amendment to the notification of the Government of India in the Ministry of Finance (Department of Economic Affairs) No. S.O. 2072, dated the 22nd July, 1963, namely:—

In the said notification, the words "printing press owned by any" shall be omitted and shall be deemed never to have been inserted therein.

[No. F. 101(12)-INS.I/66-ERI.]

New Delhi, the 9th September 1966

S.O. 2722.—Whereas the Central Government in exercise of the powers conferred by sub-section (2) of section 52A of the Insurance Act, 1938 (4 of 1938), appointed Shri M. J. Rao, as Administrator to manage the affairs of the *Jupiter General Insurance Company Ltd.*, with its registered office at Bombay in the notification of the Government of India in the Ministry of Finance (Department of Economic Affairs) No. 107(4)-INS/56, dated the 13th March, 1956.

And whereas the said Shri M. J. Rao has been granted leave with effect from 9th September, 1966 to 7th October, 1966.

Now, therefore, in exercise of the powers conferred by sub-section (2) of section 52A of the said Act, the Central Government hereby appoints Shri C. C. Mody, General Manager, Jupiter General Insurance Company Ltd., Bombay as Administrator to manage the affairs of the said insurer during the absence on leave of Shri M. J. Rao, under the direction and control of the Controller of Insurance and directs that the said Administrator shall receive such remuneration payable out of the funds of the Jupiter General Insurance Company Ltd., as may be fixed by the Government.

[No. F. 51(12)-INS.I/65-I.]

S.O. 2723.—Whereas the Central Government in exercise of the powers conferred by sub-section (2) of section 52A of the Insurance Act, 1938 (4 of 1938), appointed Shri M. J. Rao, as Administrator to manage the affairs of the *Empire of India Life Assurance Company Ltd.*, with its registered office at Bombay in the notification of the Government of India in the Ministry of Finance (Department of Economic Affairs) No. 107(4)-INS/56, dated the 13th March, 1956.

And whereas the said Shri M. J. Rao has been granted leave with effect from 9th September, 1966 to 7th October, 1966.

Now, therefore, in exercise of the powers conferred by sub-section (2) of section 52A of the said Act, the Central Government hereby appoints Shri C. C. Mody, General Manager, Jupiter General Insurance Company Ltd., Bombay as Administrator to manage the affairs of the Empire of India Life Assurance Company Ltd., during the absence on leave of Shri M. J. Rao, under the direction and control of the Controller of Insurance and directs that the said Administrator shall receive such remuneration payable out of the funds of Empire of India Life Assurance Company Ltd. as may be fixed by the Government.

[No. F. 51(12)-INS.I/65-II.]

RAJ K. NIGAM, Dy. Secy.

(Department of Revenue & Insurance)*New Delhi, the 17th September 1966***STAMPS**

S.O. 2724.—In exercise of the powers conferred by clause (a) of sub-section (I) of section 9 of the Indian Stamp Act, 1899 (2 of 1899), the Central Government hereby remits the duty with which the debentures executed by the Industrial Credit Investment Corporation of India Limited, Bombay in favour of the Industrial Development Bank of India (IDBI), are chargeable under the said Act.

[No. 18/66—F. No. 1/40/66-Cus.VII/Stamps.]

M. S. SUBRAMANYAM, Under Secy.

(Department of Revenue & Insurance)**CORRIGENDA***New Delhi, the 30th August, 1966***INCOME TAX**

S.O. 2725.—The Central Government directs that in the Tables headed “I” “Names of all Individuals and Hindu Undivided Families assessed on an income over Re. 1 lakh in the financial year 1961-62” and “II” “Names of all Firms, Association of Persons and Companies assessed on an income of over Rs. 10 lakhs in the Financial year 1961-62” in the Notification S.O. 776 dated the 10th March, 1966, issued by the Ministry of Finance (Department of Revenue), the following corrections shall be made :—

I.—Names of all Individuals and Hindu undivided families assessed on an income of over Re. 1 lakh in the financial year 1961-62 :—

S. No. of Item

- 1622 In Col. 2 for “A.C.C.” read “A.O.C.”
In Col. 3 for “Indl.” read “Ind.”
- 1623 In Col. 2 for “Machlachan” read “Maclochlan”
In Col. 3 for “Indl.” read “Ind.”
- 1654 In Col. 2 for “Pressing (P) Ltd.” read “Pressing Works (P) Ltd.”
- 1664 In Col. 2 for “Lubrinoff” read “Lubinoff”
- 1743 In Col. 5 for “1,31,857” read “1,31,887”
- 1787 In Col. 2 for “Roadc” read “Road”
- 1793 In Col. 2 for “Bhall” read “Bhalla”
- 1810 In Col. 5 insert “1,21,616”
- 1811 In Col. 5 insert “1,76,175”
- 1870 In Col. 4 in the first line for “1957-58” read “1956-57”
- 1882 In Col. 4 for “960-61” read “1960-61”
- 1889 In Col. 4 for “1962-62” read “1961-62”
- 1900 In Col. 2 for “Nulla” read “Mulla”
- 1920 In Col. 2 for “Babur House” read “Dabur Hou

II.—Names of all Firms, Association of Persons and Companies assessed on an income of over Rs. 10 lakhs in the financial year 1961-62 :

S. No. of Item

- 381 In Col. 4 for “1157-58” read “1957-58”
In Col. 5 for “70,17,770” read “31,17,770”
- After 383 (and the entries relating thereto) in Col. 1 for “784” read “384”
- 408 In Col. 5 for “22,73,668” read “22,73,658”
- 416 In Col. 5 for “17,16,537” read “17,16,737”
- 422 In Col. 2 for “Builing” read “Building”

[No. 81 (F. No. 1/3/65-IT (B))]

Sd/- Illegible,

CENTRAL BOARD OF DIRECT TAXES**INCOME TAX***New Delhi, the 22nd August, 1966*

S.O. 2726.—In exercise of the powers conferred by sub-section (1) of Section 121 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the following amendments to the Schedule appended to its Notification No. 20 (F. No

55/1/62-IT) dated the 30th April, 1963 published as S. O. 1293 on pages 1454—1457 of the Gazette of India Part II Section 3, sub-section (ii) dated the 11th May, 1963 as amended from time to time :—

The existing entries under columns (1), (2) and (3) against S. No. 6 shall be substituted by the following entries :

Income-tax Commissioners	Headquarters	Jurisdiction.
1	2	3
6. (Central), Bombay	Bombay	1. Central Sections I to XVI, Bombay. 2. Central Circles I to III, Nagpur.

[No. 79 (F.No. 55/293/66-IT)]

New Delhi, the 3rd September 1966

S.O. 2727.—In exercise of the powers conferred by sub-section (1) of Section 121 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes, hereby directs that in its Notification No. 20 (F. No. 55/1/62-IT), dated the 30th April, 1963 published as S. O. 1293 on pages 1454—1457 of the Gazette of India, Part II, Section 3, sub-section (ii) dated the 11th May, 1963 as amended from time to time :—

“Against S. No. 15 Uttar Pradesh I, Lucknow under column 3 of the schedule appended thereto, the following shall be added :

28. Ballia.

[No. 82 (F. No. 55/310/66-IT)]

New Delhi, the 9th September 1966

S.O. 2728.—In exercise of the powers conferred by sub-section (1) of section 121 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby directs that in its Notification No. 20 (F. No. 55/1/62-IT), dated the 30th April, 1963 published as S.O. 1293 on pages 1454—1457 of the Gazette of India Part II, Section 3, sub-section (ii), dated the 11th May, 1963 as amended from time to time:

(i) Against Sl. No. 9, Madras I under column 3 of the schedule appended thereto, the following shall be added:

“22. Hundi Circle I, Madras.”

(ii) Against Sl. No. 9-B, Madras II, under column 3 of the schedule appended thereto, the following shall be added:

“25. Hundi Circle II, Madras.”

This notification shall take effect from the 16th September, 1966.

[No. 85 (F. No. 55/323/66-IT).]

V. K. JAYARAMAN, Under Secy.

INCOME-TAX

New Delhi, the 5th September 1966

S.O. 2729.—In exercise of the powers conferred by sub-section (1) of section 122 of the Income-tax Act, 1961 (43 of 1961) and of all other powers enabling it in that behalf, the Central Board of Direct Taxes hereby makes the following further amendment in the Schedule appended to its Notification No. 14- Income-tax, dated 14-1-66, namely :—

In the said schedule against Range II, Varanasi, under column 3, the following shall be added namely :—

6. Ballia.

Explanatory Note :

The amendment has become necessary on account of creation of a new circle known as Ballia with Headquarters at Azamgarh in the Commissioner's charge.

(This note does not form a part of the Notification but is intended to be merely clarificatory).

[No. 83 (F. No. 50/11/66-IT)]

S.O. 2730.—In exercise of the powers conferred by sub-section (1) of section 122 of the Income-tax Act, 1961 (43 of 1961) and of all other powers enabling it in that behalf and in supersession of all previous notifications in this regard, the Central Board of Direct Taxes directs that the Appellate Assistant Commissioners of Income-Tax of the Ranges specified in Column 1 of the Schedule below shall perform their functions in respect of all persons and incomes assessed to Income-tax or Super-tax in the Income-tax Circles, Wards and Districts specified in the corresponding entry in column 2 thereof:

SCHEDULE

Range (1)	Income-tax Circles, Wards and Districts (2)
(1) 'A' Range, Bangalore	1. Bangalore City Circle I. 2. Bangalore City Circle III. 3. Company Circle Bangalore. 4. Kolar Circle. 5. Chitradrug Circle. 6. Tumkur Circle. 7. Estate Duty-cum-Income-tax Circle, Bangalore.
(2) 'B' Range, Bangalore	1. Bangalore City Circle II. 2. Salary Circle, Bangalore. 3. Special Survey Circle, Bangalore. 4. Central Circles I & II, Bangalore. 5. Rural Circle, Bangalore. 6. Special Investigation Circles, A & B, Bangalore.
(3) Mysore	1. Mysore Circle. 2. Bangalore Circle. 3. Udipi Circle. 4. Coorg Circle. 5. Hassan Circle. 6. Davangere Circle. 7. Shimoga Circle. 8. Estate Duty-cum-Income-tax Circle, Bangalore.
(4) Dharwar	1. Dharwar Circle. 2. Hubli Circle. 3. Karwar Circle. 4. Raichur Circle. 5. Gulbarga Circle. 6. Pellary Circle. 7. Estate Duty-cum-Income-tax Circle, Dharwar.
(5) Belgaum	1. Belgaum Circle. 2. Bijapur Circle. 3. Goa Circle.

When an Income-tax Circle, Ward or District or part thereof stands transferred by this Notification from one Range to another Range, appeals arising out of assessments made in that Income-tax Circle, Ward or District or part thereof and pending immediately before the date of this Notification before the Appellate Assistant Commissioner of Income-tax of the Range from whom that Income-tax Circle, Ward or District or part thereof is transferred shall, from the date this Notification shall take effect, be transferred to and dealt with by the Appellate Assistant Commissioner of Income-tax of the Range to whom the said Circle, Ward or District or part thereof is transferred.

This Notification shall take effect from 15th September, 1966.

Explanatory Note :

The amendments have become necessary on account of the re-organisation of the Appellate Ranges in the Commissioner's Charge.

(The above note does not form a part of the notification but is intended to be merely clarificatory).

[(No. 84(F. No. 50/121/66-IT)]

P. G. GANDHI, Under Secy.

CENTRAL BOARD OF EXCISE AND CUSTOMS

New Delhi, the 17th September 1966

CUSTOMS

S.O. 2731.—In exercise of the powers conferred by section 9 of the Customs Act, 1962 (52 of 1962), the Central Board of Excise and Customs hereby declares Port Blair, in the Union territory of Andaman and Nicobar Islands, to be a warehousing station.

[No. 171/66—F. No. 3/35/66-Cus.VII/66.]

M. S. SUBRAMANYAM, Under Secy.

CENTRAL EXCISE COLLECTORATE: KANPUR

Kanpur, the 29th August 1966

S.O. 2732.—The following is published for general information:—

Under Rule 233 of the Central Excise Rules, 1944, the undersigned directs that the following supplemental instructions shall be observed by the tobacco curers, wholesale dealers and brokers or commission agents in tobacco residing within the jurisdiction of the Kanpur Central Excise Collectorate who apply for and receive T.P. 3 certificates under rule 31 of the Central Excise Rules, 1944.

Every curer, wholesale dealer or broker or commission agent when receiving the T.P. 3 foils shall sign the record maintained for the purpose by the Central Excise Officer in-charge of the formation. - In case the T.P. 3 certificates have been prepared but are to be cancelled due to the failure of sale negotiation or any other circumstances beyond human control, it may be done by drawing a line across the T.P. 3 and the licensee shall attest the same stating reasons for the cancellation. The licensee shall also send an intimation regarding the cancellation of the T.P. 3 to the Central Excise Officer in-charge of the formation concerned, within 24 hours of such cancellation.

[C. No. V(a)(7)EX. I/3/66/30553.]

V. PARTHASARATHY, Collector.

MINISTRY OF COMMERCE

New Delhi, the 6th September 1966

S.O. 2733.—Shri G. C. Iyer, an officer of the Indian Audit & Accounts Service and Deputy Accountant General (OAD), Office of the Accountant General, West Bengal, has been appointed as Finance Officer of the Tea Board, Calcutta, with effect from the forenoon of the 17th August, 1966.

[No. F. 1(25)-Plant(A)/66.]

B. KRISHNAMURTHY, Under Secy.

ORDER

New Delhi, the 5th September 1966

S.O. 2734—Whereas by the Order of the Government of India in the late Ministry of Commerce & Industry No. S. O. 2245 dated the 15th September, 1961, the management of the industrial undertaking known as Rai Saheb Rekchand Gopaldas Mohota Spinning and Weaving Mills Ltd. Akola, has been taken over by the Authorised Controller referred to in the said Order for a period of five years from the 15th September, 1961 ;

And, Whereas the Central Government is of opinion that it is expedient in the public interest that the management of the said industrial undertaking by the said Authorised Controller should continue for a further period of two years ;

Now, therefore, in exercise of the powers conferred by the proviso to Sub-section (2) of Section 18-A of the Industries (Development and Regulation) Act, 1951 (65 of 1951), the Central Government hereby directs that the said Order shall continue to have effect for a further period of two years from the 15th September, 1966.

[No. F. 1 (2) Tex (B)/66]

T. S. KUNCHITHAPATHAM, Dy. Secy.

MINISTRY OF INDUSTRY

ORDER

New Delhi, the 9th September 1966

S. O. 2735—IRDA/6/1/66—In exercise of the powers conferred by section 6 of the Industries (Development and Regulation) Act, 1951 (65 of 1951), the Central Government hereby establishes for the scheduled industry engaged in the manufacture of Leather and Leather Goods, a Development Council which shall, for the time being consist of the following members, namely:—

Sl. No. (1)	Name and address of the member (2)	Interest Representing (3)	Chairman/Member (4)
1.	Shri A. Nagappa Chettiar, M/s. India Leather Corpn. Ltd., Post Box. No. 1516, Madras.	Owners/ Manufacturers/ Exporters	Chairman
2.	Shri T. Abdul Wahid, M. P., 19, Vepery High Road, Madras.	Do.	Member
3.	Shri Senjoy Sen, M/s. National Tannery Co. Ltd., Mercantile Building, Lalibazar Street, Calcutta.	Do.	Do.
4.	Shri S. P. Pandit, M/s. Western India Tanneries Ltd., 2-A, Dharavi, Bombay-17.	Do.	Do.
5.	Shri Nazar Mohamed, M/s. Pioneer Tanneries and Glue Works, Jaymau, Kanpur.	Do.	Do.
6.	Shri S. P. Dhir, Director, M/s. Everyday Footwear Factory (Private) Limited, Dayalbagh, Agra.	Do.	Do.

(1)	(2)	(3)	(4)
7. Shri R. C. Shearer, M/s. Gordon Woodroffe and Company (Madras) Limited, 1/21, North Beach Road, Madras-1.		Owners/ Manufacturers/ Exporters	Member
8. Shri P. R. Sondhi, M/s. Kapurthala Northern India, Tanneries Limited, Kapurthala.		Do.	Do.
9. Shri P. K. Sahgal, M/s. British India Corporation, Cooper Allen Branch, Sutherland House, P. O. Box No. 6, Kanpur (U. P.).		Do.	Do.
10. Shri Nabhi Gopal Rao, Berhampur, Ganjam Distt. (Orissa).		Do.	Do.
11. Shri P. N. Rajabhoj, President, Bharat Dalit Sevak Sangh, Hormuzd Villa, 29, Souter Street, Byculla, Bombay-8.		Consumers	Do.
12. Shri M. J. Oza, Divisional Manager, State Trading Corporation of India, Express Building, Bahadur Shah Zafar Marg, New Delhi-1.		Do.	Do.
13. Shri M. Raja Ram, Ex-MLA, Guntakal, Anantapur Distt. (A.P.).		Do.	Do.
14. Shri Chowdhury Sunder Singh, MLA, (Ex-Minister of State, Punjab), Chandigarh.		Do.	Do.
15. Dr. Y. Nayudama, Director, Central Leather Research Institute, Adyar, Madras-20.		Technical knowledge	Do.
16. Dr. S. T. Merani, Development Commissioner, (Small Scale Industries), Udyog Bhavan, New Delhi.		Do.	Do.
17. Shri K. B. Potnis, C/o. M/s. Atlanta Baldotta Bhavan, 117, Queens Road, Churchgate, Bombay-1.		Do.	Do.
18. Shri R. K. Agarwal, Development Officer (Leather), C/o Director of Industries, Kanpur (U. P.).		Do.	Do.
19. Shri C. Balasubramaniam, Deputy Secretary, Ministry of Industry, Udyog Bhavan, New Delhi.		Do.	Member

1	2	3	4
20.	Shri R. Thanjan, Development Officer, Directorate General of Technical Development, Udyog Bhavan, New Delhi.	Technical knowledge	Member Secretary.

2. The Central Government hereby assigns all the functions enumerated in the Second Schedule to the Industries (Development and Regulation) Act, 1951, to the said Development Council.

[No. 31(17)/66-L. Ind. II]

C. BALASUBRAMANIAM, Dy. Secy.

CORRIGENDUM

New Delhi, the 7th September 1966

S.O. 2736.—In this Ministry's Order No. S.O. 1435-IDRA/6/1/66 dated the 7th May, 1966, published in Part II Section 3 Sub-Section (ii) of the Gazette of India, dated the 14th May, 1966:—

for "15. Shri M. C. Sen Gupta, Works Manager, M/s. Pfizer (P) Ltd., Chandigarh."

Read "15. Dr. M. C. Sen Gupta, Technical Director, M/s. Pfizer Ltd., 163, Backbay Reclamation, Bombay-1."

[No. 2(6)Dev. Council/65-L.C.]

R. C. SETHI, Under Secy.

(Indian Standards Institution)

New Delhi, the 31st August 1966

S.O. 2736.—In exercise of the powers conferred by section 21 of the Indian Standard Institution (Certification Marks) Act, 1952 (36 of 1952), read with clauses (a) and (b) of sub-rule (1) of rule 3 of the Indian Standards Institution (Certification Marks) Rules, 1955, the Indian Standards Institution, with the previous approval of the Central Government, hereby makes the following regulations further to amend the Indian Standards Institution (Certification Marks) Regulations, 1955, namely:—

1. These regulations may be called the Indian Standards Institution (Certification Marks) Amendment Regulations, 1966.

2. In the Indian Standards Institution (Certification Marks) Regulations, 1955,—

- (1) in sub-regulation (4) of regulation 3 and in sub-regulation (1) of regulation 3A, for the word 'Director', the words 'Director General' shall be substituted;
- (2) in sub-regulations (1) and (2) of regulation 3A, for the word 'Directorate', wherever it occurs, the words 'Directorate General', shall be substituted.

[No. MD/3:1]

LAL C. VERMAN, Director General.

(Indian Standards Institution)

New Delhi, the 2nd September 1966

S.O. 2738.—In pursuance of regulation 4 of the Indian Standards Institution (Certification Marks) Regulations, 1955 the Indian Standards Institution hereby notifies that amendment(s) to the Indian Standard(s) given in the Schedule hereto annexed have been issued, under the powers conferred by sub-regulation (1) of regulation 3 of the said regulations.

THE SCHEDULE

Sl. No.	No. and title of the Indian Standard amended	No. and Date of Gazette Notification in which the establishment of the Indian Standard was notified	No. and Date of the Amendment.	Brief particulars of the Amendment.	Date from which the Amendment shall have effect
(1)	(2)	(3)	(4)	(5)	(6)
1	IS: 455—1962 Specification for portland blast furnace slag cement (<i>revised</i>)	S.O. 2838 dated 15th September 1962.	No. 1E July 1966.	Clause 4.2 has been substituted by a new one and clause 4.3 deleted.	Immediate effect.
2	IS: 1356—1964 General requirements for electrical equipment of machine tools (<i>Revised</i>)	S. O. 2673 dated 28 August 1965.	No. 1 July 1966.	Fig. 1 on page 16 has been substituted by a new one.	16 September 1966.
3	IS: 2544—1963 Specification for porcelain post insulators (3.3 kV and above)	S. O. 1840 dated 30 May 1964	No. 2 June 1966.	The range of dry and wet bulb temperatures shown in the curve for determination of absolute humidity has been extended.	

Copies of these amendment slips are available free of cost with the Indian Standards Institution, Manak Bhavan, 9, Bahadur Shah Zafar Marg, New Delhi-1 and also its branch offices at (i) Bombay Mutual Terrace, First Floor, 534 Sardar Vallabhbhai Patel Road, Bombay-7 (ii) Third and Fourth floors, Chowringhee Approach Calcutta-13, (iii) Second Floor, Sathya murthi Bhavan, 54 General Patters Road, Madras and (iv) 117/418 B Sarvodaya Nagar, Kanpur.

[No. MD/135]

S.O. 2739.—In pursuance of sub-regulation (4) of Regulation 14 of the Indian Standards Institution (Certification Marks), Regulations, 1955, as amended from time to time, the Indian Standard Institution hereby notifies that licence No. CM/L-1267, particulars of which are given below has been cancelled from the date of its operation (1-6-1966) :

Licence No. and Date	Name and Address of Licensee	Article/Process Covered by the Licence	Relevant Indian Standard
CM/L-1267 27 May 1966	M/s Woodcrafts Assam, Mariani (Assam) having their Office at Indian Exchange, Calcutta-1	Veneered Decorative Plywood Brand—"AEROPLY".	IS:1328-1958

[No. MD/12:1289]

New Delhi, the 7th September 1966

S.O. 2740.—In licence No. CM/L-1224, dated 9th March 1966 held by M/s. J. B. Advani-Oerlikon Electrodes Pvt. Ltd., Bombay, the details of which were published under S.O. 1263 in the Gazette of India, Part II, Section 3, Sub-section (ii), dated 23 April 1966, the office address has been changed as under:

Radia House, 6, Rampart Row, Fort, Bombay-1.

[No. MD/12:303.]

D. V. KARMARKAR, Dy. Director General (Marks).

MINISTRY OF HEALTH AND FAMILY PLANNING

(Department of Health)

New Delhi, the 3rd September 1966

S.O. 2741.—In exercise of the powers conferred by section 8A of the Aircraft Act, 1934 (22 of 1934), the Central Government hereby makes the following rules further to amend the Indian Aircraft (Public Health) Rules, 1954, published with the notification of the Government of India in the Ministry of Health No. SRO 2218 dated the 17th October, 1955, namely :—

- I. (1) These rules may be called the Indian Aircraft (Public Health) Amendment Rules, 1966.
- (2) They shall come into force at once.
2. In the Indian Aircraft (Public Health) Rules, 1954,—
 - (i) rule 8 shall be re-numbered as sub-rule (1) of that rule and after the sub-rule as so re-numbered, the following sub-rule shall be inserted, namely :—

“(2) Where special problems constituting a grave danger to public health exist, a person on an international voyage may, on arrival, be required to give a destination address in writing”.
 - (ii) in sub-rule (2) of rule 9, for the words “from such officer or body as may be approved from time to time by the Government of India for this purpose”, the words “from any officer or body” shall be substituted ;
 - (iii) in rule 11, after the words “these rules”, the words, “or with any procedure recommended by the World Health Organisation” shall be inserted;
 - (iv) in rule 12, after the words “these rules”, the words “or with any procedure recommended by the World Health Organisation” shall be inserted.

[No. F. 23-1/65-IH.]

AMAR NATH VARMA, Under Secy.

(Department of Health)

New Delhi, the 5th September 1966

S.O. 2742.—The members of the Council of States (Rajya Sabha) having elected from among themselves, in pursuance of the provisions of clause (g) of Section 4 of the All India Institute of Medical Sciences Act, 1956 (25 of 1956), Dr. S. Chandrasekhar, as a member of the All India Institute of Medical Sciences, New Delhi *vice* Shri Suchir Ghosh who has retired from the membership of the Rajya Sabha on the 2nd April, 1966, the Central Government hereby makes the following further amendment in the notification of the Government of India in the Ministry of Health No. F. 5(IV)-22/61-HII dated the 26th May, 1962, namely:—

In the said notification against serial No. 5, for the entry 'Shri Sudhir Ghosh, Member Rajya Sabha', the following entry shall be substituted, namely:—

“Dr. S. Chandrasekhar, M.P.
{ 74, 11 Main Road, Gandhi Nagar, Madras—20.
{ 71, Western Court, New Delhi—1”.

[No. F.10-25/66-ME (PG)]

ORDER

New Delhi, the 5th September 1966

S.O. 2743.—Whereas the Government of India in the Ministry of Health and Family Planning has, by notification No. F. 16-11/59-MI dated the 30th March, 1960, made, in exercise of the powers conferred by sub-section(I) of section 14 of the Indian Medical Council Act, 1956 (102 of 1956) recognised the Medical qualification “M.D.” granted by the University of Montreal, Canada, for the purposes of the said Act;

Now, therefore, in exercise of the powers conferred by the proviso to sub-section (1) of section 14 of the Indian Medical Council Act, 1956 (102 of 1956) the Central Government hereby specifies the period of two years with effect from the date of this order or so long as Dr. Maria C. Boria who possesses the said qualification, continues to work in the Pushpagiri Hospital, Tiruvalla (Kerala) to which she is attached for the time being for the purposes of teaching, research or charitable work, whichever is shorter, as the period to which the medical practice of the said Dr. Maria C. Boria shall be limited, provided that during this period she continues to be controlled a medical practitioner in accordance with the law regulating the registration of medical practitioners for the time being in force in her country.

[No. F. 18-14/66-MPT]

P. C. ARORA, Under Secy.

MINISTRY OF TRANSPORT AND AVIATION
(Department of Transport, Shipping and Tourism)
(Transport Wing)

LIGHTHOUSES & LIGHTSHIPS

New Delhi, the 6th September 1966

S.O. 2744.—In pursuance of sub-section (1) of section 4 of the Indian Lighthouse Act, 1927 (17 of 1927), the Central Government hereby makes the following further amendment in the notification of the Government of India in the late Ministry of Transport (Transport Wing) No. S.O. 505, dated the 30th January, 1965, namely:—

In the said notification under the heading 'Members',

- (1) against serial No. 1, for the entry “Director General of Shipping, Bombay, (*ex-officio*)”, the entry “Additional Director General of Shipping, Bombay (*ex-officio*)”, shall be substituted;
- (2) against serial No. 10, for the entry “Shri Govind H. Seth, Managing Director, Shipping Corporation of India, Steelcrete House, Dinshaw Wacha Road, Bombay-1”, the entry “Shri C. P. Srivastava, Chairman and Managing Director, Shipping Corporation of India, Steelcrete House, Dinshaw Wacha Road, Bombay-1”, shall be substituted.

[No. 4-ML(3)/66.]

K. RANGANATHAN, Dy. Secy.

MINISTRY OF LABOUR, EMPLOYMENT AND REHABILITATION

(Department of Labour and Employment)

New Delhi, the 1st September, 1966

S.O. 2745.—In pursuance of section 17 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby publishes the following award of the Industrial Tribunal, Andhra Pradesh, Hyderabad, in the industrial dispute between the employers in relation to the Hutti Gold Mines Company, Limited, Hutti, and their workmen which was received by the Central Government on the 26th August, 1966.

BEFORE THE INDUSTRIAL TRIBUNAL ANDHRA PRADESH, HYDERABAD

PRESENT:—Sri Mohammad Najmuddin M. A., B. L., Chairman, Industrial Tribunal Andhra Pradesh, Hyderabad.

INDUSTRIAL DISPUTE No. 37/1965:

BETWEEN :

Workmen of Hutti Gold Mines Company Limited, Hutti.

AND

The Management, Hutti Gold Mines Company Limited, Hutti.

APPEARANCES :

Sri K. Sityanarayana, Advocate, representing the Hutti Gold Mines Employees Association.

Sri H. Saifallah Khan, General Secretary, The Hutti Gold Mines Kamgar Sangh.

Sri K. Srinivasamurthy representing the Management

AWARD

The Government of India in its Ministry of Labour & Employment have, by letter No. 24/3/55-LRI dated 23rd May 1955, referred this case for adjudication to my learned predecessor. By a subsequent order No. 7/33/55-LR, II dated 31st January 1956 this case was, along with similar other references, withdrawn by the Central Government from my learned predecessor and was transferred to me after I had taken charge on succeeding him as Presiding Officer, Industrial Tribunal, Andhra Pradesh, Hyderabad. The issues referred as per Schedule to the Notification are these:—

- (a) Having regard to the Company's existing scheme relating to the supply of subsidised foodgrains to the workers and their families, whether the claim for revision of the existing scheme relating to dearness allowance is justified? If so, to what extent?
- (b) Keeping in view the existing differentials in the basic wages of the lowest paid and the highest paid workmen employed below ground as compared to the corresponding categories of workmen employed above ground, whether the basic wages of the intermediate categories of workmen employed below ground should be increased? If so, to what extent?
- (c) Whether the workmen who are not provided with residential quarters by the Company are entitled to any house rent allowance and, if so, at what rate and subject to what conditions?
- (d) Whether the company should provide all or any of the workmen employed below ground with leather boots free of cost or at reduced rates and, if so, on what scale and subject to what conditions?
- (e) Having regard to the bonus already paid to the workmen in pursuance of the mutual settlement dated the 22nd January 1954 arrived at between the management and the Hutti Gold Mines, Kamgar Sangh and the Hutti Gold Mines Labour Union, whether the demand of the workmen for payment of additional bonus for the Company's accounting year 1952-53 is justified and, if so, to what extent and subject to what conditions?
- (f) Whether the demand of the workmen for profits sharing bonus for the period of six months ending the 31st March 1954 is justified and, if so, to what extent and subject to what conditions?
- (g) Whether modifications are called for in the existing scheme of Incentive Bonus for the workmen employed below ground? If so, to what extent?
- (h) Whether the lockout declared and continued by the Company on and after the 23rd January 1965 was justified and, if not, to what relief are the workmen entitled?

2. The parties to the above reference are : (1) The Superintendent, Hutti Gold Mines Company Limited, Hutti, (2) the General Secretary, Hutti Gold Mines Employees' Association, Hutti, and (3) the General Secretary, Hutti Gold Mines Kamgar Sangh, Hutti. The statement of claims on behalf of the Hutti Gold Mines Employees' Association was filed by its General Secretary, Mr. A. G. V. Pai, on 17th June 1965. At the same time, and as part of the statement of claims, he filed a separate petition praying for a direction to the Superintendent of the Mines to lift the lockout with immediate effect. It will be noticed that the question of lockout is the subject of issue (h). The statement of claims on behalf of the Hutti Gold Mines Kamgar Sangh was filed by its General Secretary, Mr. H. Saifullah Khan, on 21st June 1965. The counter on behalf of the Management was filed on 9th July 1966. The General Secretary of the Employees' Association filed rejoinder on 16th August 1965 to the counter filed by the Management. I will refer to the contentions of the three parties while discussing evidence under each of the eight issues.

3. While the dispute was pending enquiry a memorandum of settlement dated 23rd December 1965 entered into between the management on the one side and the representatives of the Hutti Gold Mines Kamgar Sangh on the other, was received. The Hutti Gold Mines Employees' Association is not party to that settlement. After the receipt of that Memorandum of Settlement authorisation memo on behalf of the Kamgar Sangh was awaited. Finally the case was posted to 29th March 1966 for verification of the agreement. On that day the parties were present. Mr. A.V.G. Pai, General Secretary of the Employees' Association, and his Counsel Mr. K. Srinivasaraya vehemently opposed passing of award on the foot of the Memorandum of Settlement. They pointed out that the settlement was entered into with only one of the unions, viz., the Kamgar Sangh which they characterised as a minority union, and contended that the terms of the settlement were to the detriment of the workmen. They also said that it would amount to unfair labour practice. According to that settlement four of the issues were "withdrawn" by the Kamgar Sangh. Since the passing of award on the foot of the Memorandum of Settlement referred to is resisted by the Employees' Association which is also party to the reference, but not party to the settlement, I decided to pass an award on merits of the evidence to be let in. While so, it is permissible to consider whether the settlement was fair, just and equitable between the parties. It was so held by His Lordship Mr. Justice Ramchandra Ayyar in *Colombatore District Mill Workers' Union V. Dhanalakshmi Mills etc.* (1960 (11) LLJ 556—High Court, Madras.)

4. Here I may refer to the contents of the Memorandum of Settlement. In respect of Issue (a) the agreement was to increase the dearness allowance of the employees by Rs. 7/- per month with effect from 1-6-65 not with standing the existence of the prior agreement dated 23-10-63 with regard to issue (c) it was agreed that all permanent employees who are not already provided with quarters by the Company would be paid house rent allowance of Rs. 3/- per employee per month with effect from 1-6-1965. With regard to issue (d) the agreement was that all underground employees covered by the relevant notifications issued by the Chief Inspector of Mines, and underground supervisory staff, would be issued each a pair of the approved type of safety boots per year commencing from 1st January 1966. The condition is that after receiving issue of boots no employee concerned would be allowed to work underground unless he wore such boots. In respect of issue (f) the agreement was that on *ex-gratia* payment would be made on the same basis and of the same conditions as per the Bonus Act of 1965, i.e., at the minimum rate of 4% of the employee's salary or wage plus D.A. earned in the period. With regard to issues (b), (c), (g) and (h) it stated, in paragraph 5 plus the Memorandum of Settlement that they are "withdrawn".

5. As I said, I decided to adjudicate the dispute on all issues following the objections taken by the Hutti Gold Mines Employees' Association to the Memorandum of Settlement referred to above. Four witnesses, W.W. 1 to W.W. 4, were examined on the side of the workmen that is to say, on behalf of the Employees Association. W.W. 4 is A.V.G. Pai who is the General Secretary of the employees' Association. Exs. W1 to W17 were marked on the side of the workmen. One witness M.W. 1, was examined on the side of the management. He is Mr. L. C. Curtis, Superintendent of the Hutti Gold Mines. Exs. M1 to M30 were marked on the side of the management. The representatives of the Kamgar Sangh were present during the enquiry. Any of them did not go into the witness box. But they cross-examined W.Ws. 1, 3 and 4. The memorandum of Settlement dated 23rd December 1965 is Ex. M13. I will refer to the evidence, both oral and documentary, while dealing with each issue.

6. Issue (a) is this :—

Having regard to Company's existing scheme relating to supply of subsidised food-grains to workers and their families, whether the scheme for revision of the existing scheme relating to dearness allowance is justified. If so to what extent?

Under this issue the claim of the Hutti Gold Mines Employee's Association (here inafter to be referred as the Association) is for an increase of dearness allowance by Rs. 16/- per month over and above what is being paid hitherto. The claim of the Hutti Gold Mines Kamgar Sangh (hereinafter to be referred as the Sangh) is for an increase of Rs. 25/- per month. The counter of the Management is that having regard to its financial position and also having

regard to the fact that the workmen are being supplied with subsidised necessities of life, the claim for increase in the dearness allowance over and above what is paid as dearness allowance was not warranted. When the Sangh climbed down to accepting increase of Rs. 7/- in D.A. (vide Memorandum of Settlement Ex. M13), it should be seen whether, on a proper appreciation of the facts and circumstances in the case, the same was fair and equitable between the parties. It is prescribed in this issue itself that for the purpose of revising the existing scheme of dearness allowance, regard should be had to the existing scheme relating to supply of subsidised food grains to the workers and their families. And, moreover, regard should be had for the present financial position of the Hutti Gold Mines. The comparable establishment in the country is the Kolar Gold Mines. Mr. L. C. Curtis (M. W. 1) who is the Superintendent of the Hutti Gold Mines stated from the witness box that there is no other gold mine in the country. The principle of industry-cum-region basis should be kept in view. That principle generally applies to similar concerns in the same line of business in a given region. As I said, Kolar Gold Mines is the only other gold mine in the country. It is about 300 miles from the Hutti Gold Mines. I would presently refer to the evidence tendered by the Management with regard to relevant matters in the Kolar Gold Mines.

7. Admittedly the food grains subsidy scheme had been in existence in the Hutti Gold Mines from the year 1946. This is admitted by Mr. Curtis (M.W. 1). The concessional rate at which the workmen were charged for the materials had been kept constant except that in the year 1965 the company had increased the price of food grains by one paise as a result of Government Levy. On the other hand the company had been paying increasing cost of articles when it acquired them for the purposes of supplying them to the workers at concessional rates. Ex. M7 prepared by M.W.1 is the comparative statement of dearness allowance, kerosene oil and the grain subsidy from the year 1946 to the year 1965. Cash dearness allowance from Rs. 7-71 in 1946 came to be gradually increased to Rs. 49/- in the year 1965 by increase of 'Rs. 9 that year', Rs. 26/- out of the D.A. of Rs. 49/- was merged in the basic wage. That continued till the year 1965. That was a result of a settlement between the Management and the representatives of the Sangh and of another labour union (not the Association) entered into on 23rd October 1963. That settlement is Ex. M2. The Association had not come into existence by then. It had come into existence in the year 1964. Admittedly the cost of grain subsidy to the company for each worker came to Rs. 14/- per month as seen from the statement Ex. M9 prepared by M.W. 1. This differential in the cost of grains should be added to the dearness allowance paid in cash to the workers. That comes to Rs. 63/-. It is complained that the quantity of subsidised articles supplied by the company is not enough for the worker and his family and that therefore the worker has to purchase his additional requirements and as also other requirements from the local merchants at high prices. That is the basis of the claim for increase in dearness allowance which the Sangh wanted at Rs. 25/- per month and which the Association wanted at Rs. 16/- per month. W.W. 1 who is an employee of the Company and a member of the Association, admitted in his cross-examination that the ration card issued to the workers is on the basis of one pound (16 ozs) for the worker, 12 ozs for his wife, 12 ozs for a child above 8 years and 6 ozs for a child less than 8 years. Ex. M27 is the rationing scheme adopted by the Government of Mysore State. It is seen from it that the manual workers of various categories get a lesser quantity of ration than what the workers in the Hutti Gold Mines get under the subsidised scheme. It is thus seen that in this respect the workers in the Hutti Gold Mines are in a better position than the rest of the citizens in the State of Mysore. Seeing that under the subsidised scheme each worker gets per day 16 ozs. of grain for himself, 12 ozs for his wife, 12 ozs for a child of 8 years and 6 ozs for a child of less than 8 years, one should think that those quantities should suffice for the food requirements of the family. The worker need not have to go to the merchants to obtain requirements of food grain for himself and his family. W.W. 1 admitted that he gets one litre of kerosene free per month, and that if he wanted more the Company charged him 52 paise per litre. He denied that fire wood was supplied at fixed price of Rs. 1/- for 50 lbs. It is common ground that clothing allowance of Rs. 10/- per year is given to underground workers and that, what is called, dirty allowance also is given to the sanitation staff.

8. It is true that the requirements of a worker's family are not all that the company subsidises for, and that a worker has to go into the open market to purchase a few more things, but I do not think that he need do so in respect of items subsidised by the Company. The General Secretary of the Association went into the witness box as W.W. 4 and said that since the year 1963 the cost of necessities had gone up by 100%. That assertion is given up in the cross-examination of Mr. Curtis (M.W. 1) by the Counsel for the Association when it was suggested to the witness that since the year 1963 the cost of living had gone up by 30% (the date he testified (13th April 1966)). The witness denied that particular suggestion, although he admitted that the cost of living had gone up since the year 1963. Even assuming that, as suggested above, the cost of living had gone up by about 30% since the year 1963, that would more or less be met by increase of Rs. 7/- per month in dearness allowance as per the Memorandum of Settlement Ex. M13 dated 23rd December 1963. W.W. 4 filed Ex. W3, a statement prepared by him in respect to cost of various articles in the market required by a worker and his family. A note is added at the foot of it that the statement was prepared on the

information collected by the witness, Ex. W3 is, as the statement is headed, in respect of monthly needs of a worker's family. Ex. W3 includes an item of 5 cakes of Sunlight soap. When cross-examined with regard to Ex. W3 the witness said that it was after enquiring from the workers as to their requirements that he had put the information in that document in respect of various items. He added that he had no personal knowledge about the requirements and that he got the prices from the weekly shandy at Hutti. He admitted that there was a Co-operative Stores at Hutti, but said that he had no idea of the rates and prices at the Stores. He, however, denied that he had wilfully exaggerated the rates and prices that he had put in Ex. W3. The Co-operative Stores would give a better idea of the rates and prices. The above suggestion of exaggeration is not without merit. It seems to me that W.W. 4 had just indulged in guess work when he prepared the statement Ex. W3. He filed Ex. W6 which is the Mysore Gazette dated 18th June 1964 by which the Government of Mysore sponsored a scheme of dearness allowance for its employees. My attention is drawn to one item in it by which those drawing basic pay above Rs. 80/- but not above Rs. 100/- are given D.A. of Rs. 40/- in the city areas and Rs. 35/- in the non-city areas. Another item is in respect of those who draw pay of Rs. 80/- per month and below. They are paid D.A. of Rs. 35/- per month in the city areas and Rs. 30/- per month in the non-city areas. It is not always relevant to compare the conditions of pay and emoluments of workers in Industrial Establishments with those of employees of the Government. W.W. 4 stated in his cross-examination that to his knowledge there is no scheme of subsidising food grains for Government Servants in the State of Mysore like a similar scheme for the workers of the Hutti Gold Mines.

57. Here it would be relevant to refer to the situation that obtains at the Kolar Gold Fields in respect of dearness allowance. Ex-M15 dated 21st October 1965 is the Memorandum of Settlement arrived at conciliation proceedings between the Management of the Kolar Gold Field on the one side and five unions on the other. Both sides draw my attention to item 5 of the terms of Settlement in Ex. M15. That item is that all daily rated employees would be given a fixed dearness allowance of Rs. 67.50 Np per month. Mr. K. Sityanarayana for the Association drew comparison unfavourable to the Hutti Gold Mines. On the other hand Mr. K. Srinivasamurthy for the Management drew comparison favourable to the Hutti Gold Mines. Mr. Satyanarayana argued that inasmuch as in the year 1963 Rs. 26/- was deducted from out of the D. A. of Rs. 49/- and added to the basic wage, it should be said that the cash dearness allowance was only Rs. 23/- and that adding to it the grain subsidy benefit of Rs. 14/-, the dearness allowance would come to only Rs. 37/- and that even adding to it the increase of Rs. 7/- as per the Memorandum of Settlement Ex. M13, the whole of it would come to Rs. 44/- as against Rs. 67.50 as per item 5 in Ex. M15. On the other hand Mr. Srinivasamurthy argued that the merger of Rs. 26/- from out of the dearness allowance into the basic wage for the benefit of the employees themselves because that would ensure to the gratuity and provident fund benefits of the employees. He pointed out that for the purpose of ascertaining the quantum of dearness allowance the sum of Rs. 26/- should be deemed to partake of the character of dearness allowance. According to him the position now is that the whole of the sum of Rs. 49/- should be deemed to be dearness allowance and adding to it the indirect dearness allowance of Rs. 14/-, that being the monthly benefit to the worker under the subsidised food grains scheme, the total D. A. comes to Rs. 63/-. If to that sum of Rs. 63/- is added a further sum of Rs. 7/-, that being as settled between the management and the Sangh as per Memorandum of Settlement Ex. M13 dated 23rd December 1965, the total of the dearness allowance now come to Rs. 70/- Mr. Srinivasamurthy thus pointed out that as against the D. A. of Rs. 67.50 as per item 5 in Ex. M15, the position of the worker at Hutti Gold Mines is better. In addition, Mr. Srinivasamurthy drew my attention to Exs. M8 and M29. Ex. M8 is the comparative statement of wages schedule in the Kolar Gold Fields and in the Hutti Gold Mines prior to the merger of Rs. 26/- from the D. A. into the basic wage of workers at the Hutti Gold Mines in 1963. Ex. M29 is an extract published in the Gazette of India dated 4th October 1958 in respect of wages schedule of workers in the same category below and above the ground. It is seen from Ex. M8 that in respect of head mistries, and mistries small hoist drivers the basic wage is more in the Hutti Gold Mines than in the Kolar Gold Fields. In respect of bell men and pump attendance the basic wage is the same. In respect of the former category the maximum wage in the Hutti Gold Mines is more than in the Kolar Gold Fields. Ex. M29 gives the wages schedule of the worker below and above the ground in the Kolar Gold Fields having regard to degree of skill. Admittedly the workers in the Hutti Gold Mines in similar grades of skill draw higher wage than in the Kolar Gold Fields. Thus it is seen that by and large the wage scales in the Hutti Gold Mines are better than in the Kolar Gold Fields. Any seeming inferiority in the quantum of dearness allowance to workers of the Hutti Gold Mines when compared to that obtaining in the Kolar Gold Fields is compensated by the generally better pay scales of the workers in the former when compared to those of the workers in the latter. And, moreover, it is not shown that the Management of the Kolar Gold Fields operates any scheme for subsidising food grains for its workers. On a consideration of all the facts, I do not think that the Association could draw any support from the conditions obtaining at the Kolar Gold fields.

10. Continuing the discussion under Issue (a), there remains to consider the question of the financial capacity of the Hutti Gold Mines to increase the dearness allowance to its workers. Ex. M 3 is the profit and loss summary in respect of the Hutti Gold Mines prepared by Mr. Curtis (M. W. 1) for the years 1948-49 to 1963-64. The result is that ending six months in the year 1963-64 the sum total of the loss sustained was Rs. 18,93,565/-. The correctness of Ex. M 3 is not gainsaid in the cross-examination of Mr. Curtis. It is stated that the shareholders of the company have not been paid any dividends. Mr. Curtis also filed Ex. M 5 a statement prepared by him showing schedule of interest and of loan repayments. He stated that subsequent to the preparing of the schedule Ex. M 3 the rate of interest has been increased from 1st January 1966 from what it was at 6% to 7%. He admitted in his cross-examination that from the year 1960-61 the Company had been consistently making profits. This fact is seen from Ex. M 3 which is the profit and loss summary. In the year 1960-61 the profit was Rs. 13,732/-. In the year 1961-62 the profit was more than Rs. 9 lakhs. That year bonus of Rs. 2,49,104/- was paid. In the year 1962-63 the profit was nearly Rs. 3,60,000/-. That year bonus amounting to Rs. 1,41,633/- was paid. It will be seen that for four years prior to the year 1950-51 the Company did not make any profits at all. On the other hand the loss incurred was nearly Rs. 3 lakhs in the year 1956-57, nearly Rs. 6,36,000/- in the year 1957-58, about Rs. 3,69,000/- in the year 1958-59 and about Rs. 4,32,000/- in the year 1959-60. I have already referred to Ex. M 5. Mr. Curtis said in cross-examination that the development and expansion scheme loans shown in Ex. M 5 are repayable in 15 years and that in the meantime the Company should be paying interest. From these facts it does not seem that the financial position of the Hutti Gold Mines is such that any heavy demands for increase of dearness allowance could be made upon it. I am satisfied that the increase in D.A. of Rs. 7/- per month as per Ex. M 13 is fair and equitable between the parties. And moreover the price of gold, as explained by Mr. Curtis from the witness box, has been very seriously affected by the introduction of Gold Control in 1963. The Management has no control over the price of Gold. Mr. Curtis explained that for that reason any increase in the cost of production of gold cannot be passed on to the consumer.

11. Mr. Curtis explained that by reason of increase in dearness allowance by Rs. 7/- with effect from 1st June 1965, the company would incur recurring annual expenditure of Rs. 2,86,000/- and non-recurring expenditure of Rs. 1,65,000/-. This is set out in the statement Ex. M 13 (i) prepared by Mr. Curtis.

12. My finding under Issue (a) is that the increase in dearness allowance at Rs. 7/- per month with retrospective effect from 1st June 1965 as agreed between the Management and the Singhs as per the Memorandum of Settlement Ex. M 13 dated 23rd December 1965 is fair and equitable. Mr. K. Sityanarayan for the Association contended that any increase in dearness allowance should be with retrospective effect from 1st January 1965, because in the month of January itself of 1965 the Management was agreeable to pay enhanced D.A. He is presumably referring to Ex. W 4 which is the minutes of discussion during the unsuccessful conciliation proceedings held by the Conciliation Officer (c) at Hutti on 19th and 20th January 1965. The offer then made by the Management was not accepted by the Association. Such being the case, the Association cannot now say that the payment of additional D.A. should be with retrospective effect from 1st January 1965 as against the company paying the same with effect from 1st June. And, moreover, to make it retrospective from 1st January 1965 would be to go behind the date of reference which is 28th May 1965. I do not think that in any case having regard to the financial resources of the Company it would be fair to cast additional burden in this respect by making the payment of the additional D.A. of Rs. 7/- per month retrospective from 1st January 1965.

13. Issue (b) is this:—

Keeping in view the existing differentials in the basic wages of the lowest paid and the highest paid workmen employed below ground as compared to the corresponding categories of workmen employed above ground, whether the basic wages of the intermediate categories of workmen employed below ground should be increased? If so, to what extent?

The lowest paid worker on the surface gets daily wage of Rs. 2/- and the lowest paid worker below ground gets daily wage of Rs. 2.25/-. The Foremen working below ground is started on Rs. 8.80 while the Foreman working on the surface is started on Rs. 7.86. Similarly the Assistant Foreman working below ground is started on Rs. 6.58 and the Assistant Foreman working on the surface is started on Rs. 5.98. It is claimed in the statement of claims filed by the Association that the intermediate categories of workmen below ground should also be given benefit of the differentials similar to those stated above. Those intermediate categories of workmen according to the statement of claims are: (i) head mistries, (ii) incharge of all trades (iii) mistries grades I and II of all sections, (iv) machine fitters grades I, II and III, (v) small hoist drivers, (vi) scavenger mistries, (vii) qumprers, (viii) bell-men, and (ix) pump drivers. In the statement of claims the above categories of workmen are equated to carpenters and fitters grades I, II and III (vide paragraph 12 of the statement of claims). The claim is that the intermediate categories of workmen below ground should, having regard to the differentials earlier mentioned, get 12% more wage than the wage of corresponding categories on the

surface. Any details of grades or categories are not given in this respect in the statement of claims filed by the Sangh although it is stated in it that for the purpose of avoiding dissatisfaction to the workers it was necessary to order revision of pay in respect of the intermediate categories of the workmen. The counter of the management is that although the minimum basic wage of an unskilled workman below ground is 25 paise more than similar wage of the corresponding workman on the surface, the claim of the Association to increase the wages of the intermediate grades of workmen working below the surface on the analogy of the differentials set out in the claims statement, is based on the misconception that the categories of both sets of workmen are the same or that the duties performed by them are the same. It will be noticed that Issue (b) is among the four issues "withdrawn" as per the Memorandum of settlement Ex. M13 dated 23rd December 1965.

14. I will consider this issue on merits. In order that the claim to differentials as set out in the statement of claims of the Association could be validly laid, the Association should establish that the workmen working below ground and on the surface are in the same categories and that the nature of the work they do is the same. After referring to the highest and the lowest paid categories of workers below ground and on the surface, Mr. Pal, the General Secretary of the Association (W.W.4), referred to only timber maistries among the intermediate categories and promised to file a separate list with regard to other workers in the intermediate categories. He did not file any such list. According to the witness a timber maistry working below ground is the same category as carpenter working on the surface. He stated that whereas carpenter Grade-I on surface gets daily wage of Rs. 3-52, a timber maistry Grade-I working below ground gets daily wage of Rs. 3-14. As I said, W.W. 4 did not refer to any other instances of intermediate categories in his evidence-in-chief. I will presently come to his cross-examination. Mr. Curtis (M.W. 1) stated from the witness box that there is no comparison between the work done by timber-men below ground and the work done by the carpenters on the surface. He said that the carpenters on the surface make furniture, door and window frames and do similar jobs and that the timber-men below ground merely cut the casurina logs to size and place the logs so as to prevent fall of loose rocks. With regard to the work of the fitters below ground and that of the fitters on the surface, the witness said that there was no comparison between the two. He said that the former were mainly engaged in servicing pneumatic rock drills and air hoists whereas the fitters working on the surface have a very much more extensive range of equipment to maintain and look after. With regard to bell-men he said that they do not work on the surface because there is no corresponding work of bell-men on the surface. With regard to quimpers he said that any quimper does not work below ground because all the fuses are on the surface. Referring to pump drivers he said that there are no pump drivers employed on the surface for the obvious reason that all the pumps are below ground. Referring to maistries of grade-I Mr. Curtis said that they are engaged on different work and that so is the case with maistries of grade-II, those two grades being the ones employed below ground. The witness added that maistries in those two grades are not employed on similar work on the surface.

15. The cross-examination of Mr. Curtis by Mr. K. Satyanarayana for the Association did not in any way detract from what he testified in his evidence-in-chief. The witness said in cross-examination that there is difference in the wages paid to foremen and assistant foremen working on the surface and below ground, and that the difference is not the whole of it compensation for the hazard in working below ground but that it is also to compensate for the psychological factor, viz., the man has to work for eight hours below ground out of sight of the sun. Referring to the work of the timber maistry below ground the witness said that he fixes platforms at odd places for the drillers to stand on and drill. He denied the suggestion that the work of a timber maistry below ground is equal to the work of the carpenter on the surface. There is no merit in that suggestion because as stated by the witness in chief examination the range of work of a carpenter on the surface includes making of furniture, window and door frames and similar jobs whereas that of timber maistry below ground is confined to cutting the casurina logs to size and to set them up so as to prevent the fall of loose rocks and to erect platforms for the drillers to stand on to do their jobs. W.W. 4, A.G.V. Pal who is the General Secretary of the Association, had, as I said earlier, confined his testimony-in-chief to carpenters and timbermaistries. In cross-examination he admitted that a carpenter on the surface makes furniture and does wood work on buildings and that a timber man below ground puts up platforms for workers to stand on and to work in places beyond reach and to drill rock at a height. He said that he did not know if in Kolar Gold Fields carpenter on the surface is paid more than the timber-man below ground or that it is also the case in the coal mines according to the Wage Board Recommendations in respect of coal mines. It seems to me that W.W. 4 does not have sufficient knowledge of the comparative nature of the work of the intermediate categories.

16. W.W. 2 who is a machine maistry merely referred to the wages of the maistries in Grades I and II, of the foreman and of the lowest paid worker. He stated that the pay scales of the timber maistries, pipe maistries, staff maistries, pump drivers and hoist drivers working below ground should be more. He does not say why it should be so. Nor does he pretend to

give any information or data for laying such a claim. He however admitted in his cross-examination that there are no machine maistries of Grade I and II working on the surface, that there are no bell-men working on the surface, that timber maistries do not work on the surface, that staff maistries work only below ground and that there are no pump drivers on the surface. Thus it is seen that the admissions of W.Ws. 2 and 4 in their cross-examinations support the testimony of Mr. Curtis (M. W. 1) when he said that there was neither comparison of work nor any comparison in grades of the various intermediate categories. Ex. M. 16 dated 7-7-1961 is the award of the Central Government Industrial Tribunal, Bombay, in a dispute between the Management of the Hutti Gold Mines and its workers. One of the issues in it was revision of wages. There was a compromise between the parties in respect of Revision of wages and other issues except in respect of one issue, and an award was passed in terms of the Memorandum of Settlement by the learned Presiding Officer of the Central Government Industrial Tribunal, Bombay. It is seen from it that the pay scales of workers working below ground and of those working on the surface were maintained. I refer to Ex. M16 with a view to emphasise that there would be difference in work as well as difference in categories of workmen below ground and on the surface. My finding under Issue (b) is that any of the intermediate categories referred to, that is, those working below ground, are not entitled to increase in their basic wages.

17. Issue (c) is this —

Whether the workmen who are not provided with residential quarters by the Company are entitled to any house rent allowance and, if so, at what rate and subject to what conditions?

It is stated in the claims statement filed by the Association that a house with reasonable amenities cannot be got in Hutti for a rent of less than Rs. 12/-. Therefore a "reasonable" house rent allowance is demanded for those employees who not provided with quarters by the Company. The demand of the Sangh is Rs. 8/- per month for the lowest paid worker, the same being increased by one rupee for higher grades. The total strength of the Company's labour force is 2400. It has provided 948 quarters for workmen. It is stated in the counter that it is not the responsibility of the employer to find housing accommodation for all its workmen, but that however the management is doing its best to extend its housing scheme. It is stated that round about the mining area there are not many houses that are worth paying rent of more than 2 or 3 rupees per month. It will be noticed that as per the Memorandum of Settlement Ex. M13 dated 23rd December 1965 it is agreed under Issue (c) that all permanent employees who are not yet provided with accommodation by the Company would be paid house rent allowance of Rs. 3/- per month with effect from 1-6-1965. The question now is whether the provision of house rent as above is fair. M. W. 1 testified that Hutti is a Village Panchayat, that the population of the village proper is about 2000 and that the population in the mining camp area is about 4000. He produced Ex. M 17 dated 9th April 1966 which is an extract from the Panchayat Assessment Register. Therein it is stated that the number of houses in Hutti is 222, that the number of huts is 305, that about 20 to 25 houses are available on rents ranging between Rs. 4/- and Rs. 6/- and that ground rent of Rs. 2/- per hut per month is paid to two persons, Balwantappa and Amarappa. Presumably these two persons are the owners of land on which the huts were constructed. Mr. Curtis also produced Ex. M 18 which is information relating to payment of house rent allowance to the workers of Hindustan Machine Tools at Bangalore. It ranges from Rs. 3/- to Rs. 5/-.

18. W.W.1, Baburao, occupies quarters provided by the Company. He pays Rs. 1.29 Ps. as rent. The witness said in his evidence-in-chief that some of the workers live in Hutti village where they pay Rs. 12/- to Rs. 14/- as house rent, and that the remaining workers have built their own huts costing about Rs. 150/-, and paying to the owner of the land Rs. 3/- to Rs. 4/- per month as ground rent. The Association has not examined any worker to say that he had been paying any rent ranging from Rs. 12/- to Rs. 14/- per month for a house occupied by him in the village, nor was any worker examined to say that it had costed about Rs. 150/- to build a hut on land rented by him. It is seen from Ex. M17 that rent so charged for land is Rs. 2/- per month. The estimate given by W. W. 4 for construction of a hut is from Rs. 100 to Rs. 150/-. It will be noticed that W.W. 1 had roundly put it at Rs. 150/-. W.W. 3, Sharnid Ali, lives in Comp.ny's quarters, and Rs. 1.50 is deducted by the Company every month from his wage. His testimony is that those who do not have such quarters have to pay more than Rs. 3/- as rent. According to W.W. 4 such minimum rent would be Rs. 10/-. According to W. W. 1 such minimum rent would be Rs. 12/- to Rs. 14/-. I think the truth is nearer to what W.W. 3 said, viz., that a worker who is not provided with Company's quarter would have to pay more than Rs. 3/- per month as rent. Surely, the workers at Hutti cannot claim more house rent allowance than what is paid to the workers in the Hindustan Machine Tools at Bangalore, viz., Rs. 3/- to Rs. 5/- per month. Bangalore is a big city, and Hutti is a village. Ex. W4 is the record of the minutes of discussions in the conciliation proceedings held by the Conciliation Officer (C), Hyderabad, on 19th and 20th January 1965 at Hutti. Under item 3

therein it is stated that the union, it being the Employees' Association, demanded monthly house rent allowance of Rs. 5/- until such time the Company provided quarters to those who have not yet been provided with quarters and that the Management had no objection to it provided the union was prepared to come to an amicable settlement on the other issues raised in the memorandum of demands. Thus it is seen that it was not as if the agreement of the Management to pay Rs. 5/- towards house rent allowance was unconditional. By the same minutes of discussion the Management had agreed to pay an increase in D.A. of Rs. 5/- per month with effect from 1st January 1965. Nothing tangible had however come out of those discussions because, as reported at the end of Ex. W4 by the Conciliation Officer, the Union did not agree for settlement of dispute by arbitration whereas on the other hand the Management was prepared for a reference of any or all of the issues for adjudication or arbitration. There that matter had ended.

19. Since reliance is placed upon Ex. W4 by the Association for claiming rent of more than Rs. 3 because the Management had agreed to pay Rs. 5 as stated therein, it is relevant to point out that the Management had as per Ex. W4 itself agreed to increase dearness allowance by Rs. 5/-. Thus it is seen that the Management had agreed to a total of Rs. 10 towards both D.A. and house rent allowance. Now what had been done by the Memorandum of Settlement Ex. M13 dated 23rd December 1965 is that the sum of Rs. 10 had been split up as Rs. 7 towards D.A. and Rs. 3 towards house rent allowance. This is more advantageous to the workmen because all the 2400 workmen get benefit of this enhanced D.A. On the other hand the amount of Rs. 3/- towards house rent would be more or less equal to what a worker has to pay for renting premises. In one way this class of workers is better situated monetarily than those who occupy Company's quarters because rent for the Company's quarter is deducted from their wage whereas the former get the house rent allowance in addition to their full wage.

20. W.W.4 said that at the Cement Works at Shabad workers were paid Rs. 7.50 per month towards house rent allowance. Asked about it in cross-examination the witness said that electrician Parsuram had told him that the workers at the Cement Factory at Shabad are paid Rs. 7.50 per month. The witness added that he did not know if the conditions of workers in the cement industry are determined by the recommendations of the Central Wage Board for cement industry. Ex-W5 dated 2-1-65 is the Memorandum of Conditions of employment at the Hutti Gold Mines Submitted by the Management to the Conciliation Officer (C), Hyderabad, who had held discussions on 19th and 20th January 1965 as per Ex. W4. Under heading housing, the Management pointed out that it was deducting between Re. 0.62 Ps. 10 Rs. 1.50 per month from the wages of the workers who were provided with quarters in contrast to rents for such quarters approved by the Government of India, viz., Rs. 12/- to Rs. 15/- per month. Relying upon the above mentioned contrast, it is argued for the Association that the provision for house rent allowance should be much more than Rs. 3/- per month. Any such reliance cannot be placed upon the above mentioned difference. The reason why the Management had drawn attention to the fact that the Government of India charges Rs. 12/- to Rs. 15/- per month for similar quarters is to underline the fact that what the Company was charging was very low indeed. It does not mean that the workers at Hutti should be given house rent allowance ranging from Rs. 12/- to Rs. 15/-. The Management itself had said under the item housing in Ex. W5 that "for the employees not yet housed the Company is prepared to pay a reasonable house rent allowance based on the local cost of accommodation." It is the local cost of accommodation that should be taken into account and not what the Government of India pays to its employees elsewhere towards house rent allowance. W.W. 4 next relied upon Exs. W8 and W9. These are receipts granted by the Management on 23rd March 1966 to one Pattabhi, a worker, who had occupied the Company's quarters, for rent paid at Rs. 15/- per month. The apparent tenor of Exs. W8 and W9 is misleading. W. W. 4 admitted in his cross-examination that while Pattabhi was in the employ of the Company he was paying monthly rent of Rs. 1.50 P. for Company's quarters, that after he was dismissed he continued to occupy the Company's quarters and that it was for that subsequent period that the rent of Rs. 15/- was collected from him. If the services of a worker who is occupying Company's quarters are terminated he would naturally be directed to vacate the quarters, and in order to enforce that directive a reasonably penal rent would be charged to him. Therefore nothing turns upon Exs. W8 and W9.

21. Taking all the facts and circumstances into consideration I hold under Issue (c) that provision of house rent allowance at Rs. 3/- per month to permanent workers not yet provided with Company's quarters is reasonable. The settlement in this behalf as contained in the Memorandum of Settlement Ex. M13 dated 23rd December 1965 is fair and equitable. According to that settlement the payment would be made with retrospective effect from 1st June 1965. It is contended by Mr. Saryanarayana for the Association that in as much as the agitation in respect of this and other matters had been going on even from the month of January 1965, the house rent that will be paid should be with retrospective effect from 1st January 1965. I do not agree with this contention. As I said while concluding issue (a), the learned Advocate is presumably referring to the minutes of discussion

(Ex. W4) during the unsuccessful conciliation proceedings held by the Conciliation Officer (C) at Hutti on 19th and 20th January 1965. The offer then made by the Management was not accepted by the Association. That being so, it would not be fair to ask that the payment of house rent allowance should be with retrospective effect from 1st January 1965, as against the Management agreeing to pay it from 1st June, and which in fact is being so paid. And, moreover, to make it retrospective from 1st January would be to go behind the date of reference which is 28th May 1965.

22. Issue (d) is this :—

Whether the company should provide all or any of the workmen employed below ground with leather boots free of cost or at reduced rates and, if so, on what scale and subject to what conditions ?

The claim of the Association in its statement of claims is that all workers below ground should be supplied with free leather boots and socks because their feet were liable to be hurt by having to walk upon stones and rocks. In its statement of claims the Sangh made a similar demand, but there is no reference in it to socks. The demand in the statement of claims by the Association is for at least two pairs of boots per year and two pairs of socks. The statement of claims by the Sangh does not say how many pairs of leather boots are needed. The counter of the Management is that it is not bound to supply boots and socks free, but that however boots are being supplied to workmen from the stores on payment of half cost by them on easy instalments. According to the Memorandum of Settlement Ex. M13 dated 23rd December 1965 the Management undertook to supply one pair of approved type of safety boots per annum commencing from 1st January 1966 to all underground employees covered by the relevant notifications issued by the Chief Inspector of Mines and underground supervisory staff. It is further laid down therein that no concerned employee would be allowed to work below ground unless he is wearing such boots.

23. Admittedly hard safety hats and leather safety boots come within the category of protective equipment for workers working below ground. Ex. W10 dated 7th June 1963 is a Circular issued by the Chief Inspector of Mines. The subject of that Circular is supply of hard hats to workers and about who should bear the cost of such hats. In paragraph 2 of that Circular it is stated that when consulted the Ministry of Law have stated that it would be a reasonable view to take that the cost of any protective equipment against undue hazard should be borne by the employer. The direction in the Circular Ex. W 10 is that hats should be issued free. Admittedly the Management had been supplying hats free, but that was not the case with boots upto 1st January 1966 because half the cost of the boots supplied was recovered in instalments from the workers who chose to obtain them. The cost of a pair of boots then was Rs. 28/-. Half the cost, viz., Rs. 14/-, was recovered from the workers. The Circular Ex. W 10 refers to an earlier Circular dated 30th October 1961 from the Chief Inspector of Mines. That earlier circular is Ex. M30. Ex. M30 sets out seven categories of workers below ground who should be supplied reinforced leather safety boots, but it will be noticed that the notification does not say that such supply should be free. The seven categories set out in Ex. M30 are:— (1) Miner and loaders, (2) Timber men, (3) Trammers, (4) Shot firers and shot firing mazdoors, (5) persons employed in sinking shafts, (6) operators of drilling, cutting and loading machines and locomotives etc., and (7) persons engaged at loading chutes and transfer points etc.

24. Now that the Management is supplying one pair of boots free commencing from 1st January 1966, the question that loomed large during the enquiry on this subject is which are the categories of workmen below ground that should be supplied boots free and how many pairs each per year. Mr. Curtis (M. W. 1) said that among those who work underground 1200 workers require boots and not the others working there, and that if properly looked after a pair of boots would last about a year. In the minutes of discussion Ex. W4 before the Conciliation Officer (Central), Hyderabad, on 19th and 20th January 1965 at Hutti the management was prepared to supply one pair of boots free per annum to workers below ground who have to move about on hazards.

25. It will be noticed that in its counter the management had said that they were not obliged to supply boots free to workers below ground. From Ex. M19 it is seen that at the K. G. F. boots are supplied to workers below ground at half cost, which means that there the supply is not free. It is no doubt true that neither Ex. W10 nor its predecessor circular Ex. M30 from the Chief Inspector of Mines directs that the supply of boots should be free. I do not think that the management can at this juncture contend that they are not obliged to supply boots free. Like hard hats, the leather boots also is protective equipment. It is the duty of the management to provide protective equipment because hazards incidental to work below ground are risked by workers in their employment. If hard hats are supplied free as protection to head, so should the leather boots be supplied free because they are protection to feet. As I pointed out earlier, in the minutes of discussion Ex. W4 the Management had agreed to supply one pair of boots free.

26. Now the question is whether free supply of boots should be confined to one pair or to two pairs. The issue under consideration does not refer to socks. Mr. Curtis (M. W. 1) said that one pair of boots per annum would suffice because it would last about one year if properly looked after. W. W. 2 said that one pair of boots lasts only for three months and that if it is mended it would serve for two or three months more. In effect the witness means to say that two pairs per annum would be necessary. W. W. 4 said that at Kolar the mines are hot and dry, that at Hutti the mines are wet where continuous dewatering goes on and that for that reason boots get spoiled quite soon. Therefore the witness wanted two pairs of boots per annum. The witness denied the suggestion in his cross-examination that in the Hutti Mines there is no water below a depth of 300 feet. Although the question of supply of boots to workers below ground was taken up in the cross-examination of Mr. Curtis, the suggestion to him was not that more than one pair of boots was necessary. On a careful consideration I should think that the direction to the Management should be to supply one pair of boots free to workers below ground who have to use them. In the Kolar Gold Fields which was taken over as a Department of the Central Government (Ministry of Finance) in November 1962 (*vide* testimony of M. W. 1), one pair of boots is supplied at half cost as seen from Ex. M19. Boots are not supplied free there. When such is the case in a sister mine, the provision made by the Management of the Hutti Gold Mines to supply one pair of boots free to the workers below ground is fair and proper.

27. The next question is which are the categories of workers below ground who should be supplied boots free. In the circular of the chief Inspector of mines Ex. M30 seven categories are set out. Mr. Curtis testified that one pair of boots is being supplied free to workers in those categories, the number of such workers being about 1200. In cross-examination he said that there are other categories of workers working below ground like landers, pump drivers, small hoist drivers and bell men and that they are not provided with boots. It will be noticed that the claim of the workers is that all those who work below ground should be supplied boots free. Now the Management is supplying boots free only to those who fall within the categories set out in Ex. M. 30. Referring to the other categories who are not supplied boots, Mr. Curtis explained that a lander does not do loading or unloading, that he goes down in the cage to the landing place in the shafts and merely helps in unloading the cage and that the cage goes up again. Referring to pump drivers Mr. Curtis said that they merely operate the switches from a stationary position, that is, they just switch on or switch off. He added that the whole pump station is electrified and that the pump drivers go down in the cage and then walk a distance of a few feet over a paved way. Referring to small hoist drivers Mr. Curtis said that they do not walk about in the mine, that they go down in a cage, that from the landing place they just walk to their working stations and that the walk is over fair alleys. Referring to the bell men Mr. Curtis explained that they just ring the bell correctly indicating the arrival and departure of the cages. This testimony of Mr. Curtis in respect of the above four categories who are not supplied boots is not seriously gainsaid. It is clear that their duties do not involve going about in such places in the mines where pieces of rock or stones are strewn. W.W. 4 who is the General Secretary of the Association did not advert to the four categories about whom Mr. Curtis said that they do not need boots. I hold that it is only to categories mentioned in Ex. M. 30 that one pair of boots shall be supplied free per annum.

28. The issue contemplates conditions subject to which boots shall be supplied free. It would be appropriate to more or less adopt the conditions set out in Ex. M. 19 in respect of the Kolar Gold Fields. Workers who are supplied boots free should put them on before going below ground. The workers should maintain them in good condition at their own cost. Any worker who loses or wilfully damages his boots shall acquire a pair at cost price to be supplied from the stores. If the boots have gone for mending, the concerned worker may be allowed to go underground without boots for a period not exceeding two days. If by reason of any unforeseen occurrence or for the reason of any accident the boot or boots is damaged beyond repair, that shall be replaced free by the Management.

29. My finding under issue (d) is that the management shall supply one pair of boots free per annum to categories of workers set out in Ex. M30, *viz.*, the earlier notification of the Chief Inspector of mines, subject to the conditions set out in the paragraph above.

30. ISSUE (e) is this:—

Having regard to the bonus already paid to the workmen in pursuance of the mutual settlement dated the 22nd January 1964 arrived at between the management and the Hutti Gold Mines Kamgar Sangh and the Hutti Gold Mines Labour Union whether the demand of the workmen for payment of additional bonus for the company's accounting year 1962-63 is justified and, if so to what extent and subject to what conditions?

The mutual settlement dated 22nd January 1964 which is referred to in the first part of this issue is the Memorandum of settlement Ex. M 21 dated 22nd January 1964. It was in respect of profit bonus for the financial year commencing 1st October 1962 and ending 30th September 1963. It was entered into between the representatives of the Management on the

one side and the representatives of the then two unions, Hutti Gold Mines Kamgar Sangh and Hutti Gold Mines Labour Union, on the other. While Mr. Curtis and another Mr. A.T.S. Rao, subscribed to it on behalf of the Management, Mr. Bansilal, Vice president, and two members of the Executive Committee, Mr. Yusuf and Mr. Kukundan, subscribed to it on behalf of the Sangh. Mr. P. Narayanan, General Secretary, and two Executive Committee members, Messrs Ekambara Rao and Waheed of the Hutti Gold Mines Labour Union subscribed to it. The terms of settlement are as below:

We the representatives of the above unions accept on behalf of the members of our unions the Company's offer of 20 days basic wage as profit bonus for the year ending 30th September 1963, and agree that no further claim for profit bonus for that year will be made. Only such permanent employees who are on the Company's roll as on 30-9-1963 and have completed 12 months service of the company as on 30-9-1963 will be eligible to receive the bonus payment. The basic wage means the daily or monthly rate of pay as the case may be, drawn by an employee on 30-9-1963 exclusive of overtime bonuses, allowances and concessions etc.

Copies of the above settlement were forwarded to the concerned authorities under Section 58 (4) of the Industrial Disputes Act for information and necessary action. The contention of the Association in its statement of claims is that the above said agreement was entered into by two "defunct" unions and that therefore it would be void in the eye of the law. It is pointed out that the wording of the agreement is such that it shows *mala-fide* intention of depriving workers of their right to claim additional bonus. That settlement is characterised as an act of collusion between the Management on the one side and the two "defunct" unions on the other. The claim of the Association in this respect is payment of bonus for 32 days more for the accounting year ending 30th September 1963. In respect of this issue the claims statement of the Sangh, which is party to the Settlement Ex. M-21, is that at the time that settlement was arrived at the balance-sheet of the company was not available and that their union was guided by tentative figures. This union claims additional bonus for the year undermention, but it does not say how much more. I should be stated that the representatives of the Sangh were present during the enquiry in this dispute, and they had also cross-examined W. Ws. 1, 3 and 4. From the manner in which they cross-examined W. W. 4 their attitude was to fall in line with the Management for the obvious reason that the Sangh is party to the Memorandum of Settlement Ex. M-13 dated 23rd December, 1965 by which this issue is among the four that have been "withdrawn". In their counter the Management denied that the Memorandum of Settlement dated 22nd January 1964 was as a result of any collusion between them and the two unions, or that it was in any way an attempt to deprive the workers of any additional bonus to which they could be said to be entitled. It is stated that those two unions, *viz.*, the Sangh and Hutti Gold Mines Labour Union, were then very much alive and functioning. It is pointed out that there was no available surplus for giving bonus for more number of days than what was done by the Memorandum of Settlement Ex. M-21 dated 22nd January 1964.

31. It would be relevant to consider Issue (f) along with Issue (e). Issue (f) is this :—

Whether the demand of the workmen for profits sharing bonus for the period of six months ending the 31st March 1964 is justified and, if so, to what extent and subject to what conditions ?

The demand of the Association in this respect is for payment of profit bonus equal to basic wage of 39 days for each worker. The demand of the Sangh in their statement of claims in this respect is for 60 days. The counter of the Management under Issue (f) is that there was no available surplus for the half year in question and that therefore there was no case for profit sharing bonus for the six months ending 31st March 1964. This is one of the issues with regard to which a settlement had been arrived at between the Management and the Sangh as per the Memorandum of Settlement Ex. M-13 dated 23rd December 1965. According to it an *ex-gratia* payment would be made on the basis of the Bonus Act of 1965, i.e., at the minimum rate of 4% of the employee's salary or wages + D. A. earned during the period. It has to be seen whether this would constitute a fair and equitable settlement of issue (f). I would decide this issue as well as the issue (e) on merits.

32. The reason why I am considering issues (e) and (f) together is that the findings under them would depend upon the availability of surplus for the periods covered by the two issues. W.W. 4, who is the General Secretary of the Association, merely said with regard to issue (e) that the demand of his Association is that the bonus should be for 32 days more besides the 20 days provided for in the Memorandum of Settlement Ex. M-21 dated 22nd January 1964. In respect of the question under issue (f) the witness merely said that for the six months ending 31st March 1964 the profit sharing bonus should be equal to the basic wage for 39 days and not merely 4% as per the Bonus Act. That is the testimony

in his evidence-in-chief. He did not explain how and why it should be as claimed by him either under issue (e) or under issue (f). He however filed Ex. W-11 which according to him is the statement of calculation prepared on the foot of the balance-sheets. Since reliance was placed by W. W. 4 on the statement of calculation Ex. W-11 of which he is the author, he had to explain how he had arrived at the figures contained in that document. When this question was taken up in his cross-examination he said this :

I cannot explain the figures in Ex. W-11 because I have no knowledge of accountancy. My advocate would be able to explain to you.

That being the answer given by W. W. 4 in cross-examination with regard to Ex. W-11, Mr. K. Srinivasamurthy for the Management did not see any purpose in pursuing the matter further in cross-examination. As however the witness had said that his advocate would be able to explain it, we have to see how the learned Advocate, Sri K. Satyanarayana for the Association, had taken up the matter with Mr. Curtis in his cross-examination. Mr. Curtis (M. W. 1) filed Ex. M-22 as being the work-sheet prepared as per the Bonus Act for the year ending 30th September 1963 and for the six months ending 31st March, 1964. He testified that for the year ending 30th September 1963 the Company had already paid bonus of Rs. 1,42,393 and that for the half year ending 31st March 1964 the Company had paid profit sharing bonus of approximately Rs. 60,000/-.

33. Now the question is which of the two sets of calculations as embodied in Ex. W-11 and in Ex. M-22 should be relied upon. Mr. K. Satyanarayana for the Association questioned Mr. Curtis in cross-examination about Ex. M-22. The witness said that the depreciation mentioned in Ex. M-22 is strictly in accordance with Income-tax Act, that the provision made towards gratuity (Rs. 1,20,103/-) has not been added back, and that similarly the sum of Rs. 1 lakh which was contribution towards the National Defence Fund has not been added back. Referring to the latter item the witness explained that it was admissible deduction under the Bonus Act. Proceeding further, the witness said that development rebate is also an admissible deduction under the Bonus Act. Referring to the calculation of return on paid up capital at 8.5%, the witness said that it was also according to the Bonus Act, and as also claim of 6% interest towards reserves. The witness said that for the half year ending 31st March 1964 the calculations in Ex. M-22 are all on the basis of the Bonus Act. The answers given by Mr. Curtis in respect of calculations as per the work-sheet Ex. M-22 and which cover both issues (e) and (f), were direct and simple. It was not suggested by Mr. Satyanarayana to Mr. Curtis in his cross examination that any of the calculations contained in Ex. M-22 on the basis of the Bonus Act were erroneous in any way. Mr. Satyanarayana did not bring Ex. W-11 to the notice of Mr. Curtis. It will be noticed that the calculations as per Ex. W-11 were relied upon by Mr. Pai (W. W. 4) to put forward the claims he did under issues (e) and (f) and that he had also said that those calculations were based upon balance sheets. I have already drawn attention to W. W. 4 exclaiming his inability in cross-examination to explain the calculations contained in Ex. W-11. It is clear that as between Ex. M-22 relied upon by the Management and Ex. W-11 relied upon by the Association, it is on Ex. M-22 that reliance should be placed and not on Ex. W-11. Mr. Satyanarayana could not challenge Mr. Curtis about the correctness of the admissible deductions testified by him and which had not been added back.

34. It will be seen that the calculations as per the work-sheet Ex. M-22 are based on the Bonus Act. Mr. Satyanarayana argued that the work-sheet Ex. M-22 should have been prepared on the basis of the L.A.T. Formula and not on the basis of the Bonus Act. Now that the Bonus Act has come into force, it is the statute that should, where applicable, govern the procedure and the basis of calculations and not the L.A.T. formula which had been replaced by the Act. The Hutti Gold Mines is in the Public Sector. The Bonus Act does not apply to it. Even so, the Management has drawn up calculations (Ex. M-22) on the lines indicated in the Bonus Act. Mr. Satyanarayana pointed out that even though the Bonus Act did not apply, it was strange that the work-sheet Ex. M-22 should have been drawn up on the lines of the Bonus Act. I do not see any strangeness about it. Some under standable basis of calculation had to be resorted to. What is required to be seen is if what was done was fair. So far as issue (e) is concerned, there has already been a settlement as per Ex. M-21 dated 22nd January 1964 in pursuance of a mutual agreement by which 20 days basis wage was given as profit bonus for the year ending 30th September 1963. The Employees Association had not come into existence by then. It had come into existence in the middle of the year 1964. The then two unions, viz., the Hutti Gold Mines Kamgar Sangh and the Hutti Gold Mines Labour Union, are party to it on behalf of the workers. By the settlement the representatives of the two organisations who subscribed to it, agreed that any further claim for profit bonus would not be made for that year. As I said, the Hutti Gold Mines Employees Association was not in existence then. Now for the Association to say that the agreement Ex. M-21 dated 22nd January 1964 was as a result of collusion between the management on the one side and the two unions on the other, would not be right. Those two unions were then existing that is the evidence of Mr. Curtis. The Sangh is still existing. There were only two representative organisations of the workers in the

field at the time the agreement Ex. M21 was entered into. Those two organisations had, as I said, agreed that no further claim for profit bonus would be made for that year. The settlement as per Ex. M21 being conclusive between the parties to it, any further claim for that year cannot now be revived or raised just because a third organisation, *viz.*, the Employees Association, had since come into existence. Apart from this particular aspect of the matter, there could hardly be any available surplus for payment of additional bonus to workers for the company's accounting year 1962-63 as seen from the work-sheet Ex. M22. Any such claim would not be justified. Mr. Curtis testified that for the accounting year 1962-63 bonus of Rs. 1,42,393 had been paid. From the work-sheet Ex. M22 it is seen that the available surplus for that accounting year was only Rs. 36,502. Even so, the Management had paid Rs. 1,42,393 towards bonus. I would say it was a fair deal on the part of the Management. Any further claim in that behalf is not justified. By the same token the agreement between the Management and the Sangh as per the memorandum of settlement Ex. M13 dated 23rd December 1965, *viz.*, to receive 4% of the salary or wage for the six months ending 31st March 1964, must be deemed to be fair and equitable. In this connection it would be relevant to refer to Ex. M14 dated 3rd February 1966 the Memorandum of settlement subscribed to by both the parties in respect of claim by workers for payment of bonus for the company's accounting year 1964-65. That had eventuated in the course of conciliation proceedings before the Asst. Labour Commissioner (c), Hyderabad. The parties to it are the Management on the one side and the representatives of the Sangh and of the Association on the other. Among the latter is Mr. Pai, the General Secretary of the Association who went into the witness box in the enquiry before me as W.W. 4. All of them have subscribed to the document. According to it it was agreed that the Management would make *ex-gratia* payment equivalent to 4% of the salary or wages drawn by the employees during the accounting year 1964-65. In cross-examination Mr. Pai admitted that such was the settlement for the accounting year 1964-65 although he had put up the demand in that respect at 20% when such was the nature of settlement in respect of bonus for the accounting year 1964-65. I do not see how it could be said to be unjust or unfair to settle issue (f) on the self same basis.

35. Following the discussion in the foregoing paragraphs my finding under Issue (e) is that the demand of the workers for additional bonus for the company's accounting year 1962-63 is not justified and therefore they are not entitled to any such in that behalf, and my finding under Issue (f) is that the workers are not entitled to more profit sharing bonus for the six months ending 31st March 1964 than what had been agreed to between the Management and the Sangh as per the Memorandum of Settlement Ex. M13 dated 23rd December 1965

36. Issue (g) is this :

Whether modifications are called for in the existing scheme of Incentive Bonus for the workmen employed below ground? If so, to what extent?

The claim of the Association in this respect is that the scheme of incentive bonus already in force in the industry is not satisfactory in that the basis of its calculation is less than the basic wage, for instance, where the basic wage is 2.25 per day, the calculation is made on 1.25 per day. It is claimed that the incentive bonus to eligible workers should be based on full basic wage + D. A. The claim of the Sangh in respect of incentive bonus is that the scheme in existence had been static for a number of years and did not take into account the D. A. of Rs. 26/- which was merged with the basic wage. The counter of the Management is that in view of the Memorandum of Settlement dated 23rd October 1963 the claim for revision of scheme of incentive bonus which is in existence and in operation, is not tenable and should not be entertained until the expiry of three years from the date of that settlement. It is pointed out that the share of the workman is arrived at with reference to his total emoluments although the bonus is paid in terms of basic wage. That Memorandum of Settlement dated 23rd October 1963 is Ex. M2. Among various items that had been settled by it, there is also the item relating to incentive bonus. It is stated at the end of that Memorandum of Settlement that it shall be binding on all parties for a period of three years. The parties to it are the Management of the Company and the representatives of the Labour Union and of the Kamgar Sangh. It will be remembered that the Employees Association had not come into existence by then. It had come into existence in about the middle of the year 1964. The then two representative organisations of the workers are party to Ex. M2.

37. Issue (g) which is the one under consideration is among the four issues "withdrawn" as per the Memorandum of Settlement Ex. M-13 dated 23rd December 1965. In other words the Sangh does not press its claim to revision of the existing scheme of incentive bonus. The Association which is not party to Ex. M-13 however presses its claim in this behalf. I will consider this issue on merits. Mr. Curtis (M. W. 1) filed Ex. M-24 a statement prepared by him showing the scheme of incentive bonus in operation for the various categories of workers set out therein. I have already referred to the Memorandum of Settlement Ex. M-2 dated 23rd October 1963 by which the question relating to incentive bonus was, among others, settled. Even prior to Ex. M-2 there was a scheme of incentive bonus

in function. This was admitted by Mr. Curtis in his cross-examination by Mr. K. Satyanarayana for the Association. The learned advocate left the matter at that and did not pursue it in the cross-examination of Mr. Curtis. It will be noted that as per Ex. M-24 the workers share is stated to be 50% of the saving, but Mr. Satyanarayana would however urge that the entirety of the saving should go to the workers. This kind of claim is unreasonable. The increase in production would necessarily mean laying a higher capital in the business, and would also result in greater wear and tear on the machinery. It is therefore reasonable to expect the Management to make provision in that behalf by retaining a part of the saving for itself. It would not be reasonable to demand that the whole of the saving should be handed over to the workmen as incentive bonus.

38. The other point argued by Mr. K. Satyanarayana is this. Prior to the introduction of the scheme of incentive bonus as per Ex. M-2 dated 23rd October 1963, there was a scheme of incentive bonus in operation. According to it the basic wage and the D.A. was taken into account for the purpose of calculating incentive bonus as stated by Mr. Curtis from the witness box. By the Memorandum of Settlement Ex. M-2 dated 23rd October 1963 Re. 1/- per day i. e., Rs. 26/- per month from the D. A., was merged into the basic wage. The arrangement with regard to incentive bonus as per Ex. M-2 is this. For the purpose of calculating incentive bonus the basic rate of wages obtaining prior to the above merger shall continue to operate in respect of present work outputs and incentive bonus scheme thresholds and rates in respect of present work outputs will be set in consultation with the trade unions. The merger of the dearness allowance of Rs. 26/- per month into the basic wage is of definite advantage to the workers because it will ensure to their advantage in the calculation of gratuity and provident fund and similar benefits. Therefore when it was specifically provided as per Ex. M-2 that the calculation of incentive bonus would continue to operate on the basis of wages obtaining prior to the merger, then it could not be said that there was any unfairness in this arrangement. It was not suggested to Mr. Curtis in his cross-examination how the arrangement in respect of incentive bonus as per Ex. M-2 dated 23rd October 1963 could be said to be not fair.

39. Except to put forward the claim that there should be revision in the scheme of incentive bonus now in operation, neither the Sangh nor the Association have sponsored a scheme of their own so that, had that been done, it could be judged on merits. Not having done that, but adopting a negative attitude, that is what it amounts to, by saying that the existing scheme of incentive bonus should be revised, would not avail. The Sangh and the Labour Union were party to Ex. M-2 dated 23rd October 1963. The Association had not yet taken birth by then. When it is not in any way shown that the scheme of incentive bonus as per Ex. M-2 is unfair, it is not open to either the Sangh or to the Association to claim revision of that scheme. The settlement as per Ex. M-2 has been solemnly entered into, and it provides that it should be in force for a period of three years. That would bind the Management as well as the workers whose two representative organisations were party to it. That question is not any more available for being raised as a dispute.

40. Considering all the facts and the circumstance in the case my finding under Issue (g) is that any modifications are not called for in respect of the scheme of incentive bonus now in force in respect of workmen employed below ground.

41. Issue (h) is this :—

Whether the lockout declared and continued by the company on or after 23rd January 1965 was justified and, if not, to what relief are the workmen entitled ?

In respect of this issue the statement of the Association is that there was regular work in the mines up to 31st January 1965 and that it was on 1st February 1965 that the Management had enforced a lockout without notice prohibiting about 2000 workmen from joining duty. With regard to the date 23rd January 1965 which is the date mentioned in the Issue, it is stated thus in the statement of claims of the Association :—

Even the version that there was a lockout declared on 23rd January 1965 is false because no notice to any concerned was served as required under law.

The claim in this respect is that compensation for lockout without notice be awarded against the period of lockout from 1st February 1965. In the claims statement of the Sangh it is stated that it was the underground employees who had resorted to sit in strike and that therefore the employees of the other departments should have been allowed to resume duty. It is stated that the lockout was introduced from 23rd January 1965 affecting all employees who did not report for duty on the 22nd. It is further stated that all the employees had realised their mistake and were prepared to join duty but that they could not do so because of the lockout notice.

42. The statements both of the Association and of the Sangh are somewhat vague about facts which led to the lockout. The necessary background has been clearly set out in the counter of the Management. The real trouble was started in the 2nd half of the month of January 1965. There was a stay in strike by portions of the underground workers. After that had ended, the morning shift employees of the underground had resorted to a sit down strike on 21st January 1965, and that strike continued on 22nd as well as on the 23rd. Thereupon fearing violence, damage and sabotage to the installations, the Management had that day given notice declaring lockout affecting all employees who failed to report to duty on 22nd January. It is clear from Ex. M-4 series [Ex. M-4 to M-4 (1)] that the officers of the Management and of the Central Labour Department were manhandled by the stay in strikers when those officers went down to persuade them to come up. Issue (h) is one of the issues "withdrawn" as per the Memorandum of Settlement Ex. M-13 dated 23rd December 1965 to which the Management and the Sangh are parties. The Association is not party to it. But, however, Mr. Pai the General Secretary of the Union filed a Memo. on 15th April 1966 during the course of the enquiry here stating as follows :—

Petitioners submit that in regard to item (h) of the Schedule to the reference, they will confine themselves to continuance of the lockout of the mines even after reference of the present Industrial Dispute for adjudication on 28-5-65 under the provisions of the Industrial Disputes Act.

Besides Mr. Pai signing that Memo, Mr. K. Satyanarayana the learned advocate for the Association has attested it. It is presumably for this reason that Mr. Satyanarayana did not cross-examine Mr. Curtis (M. W. 1) in respect of the question of lockout. By subscribing to the Memorandum of Settlement Ex. M13 the Sangh does not press this issue. I have already drawn attention to Ex. M4 series filed by the Management relating to the incidents surrounding the lockout. A. V. G. Pai (W. W. 4) said nothing in his testimony about the subject of this issue. W. W. 5 testified about the strike. He said that he did not know that a sit down strike had started on 21st January and if the workers did not come out till 23rd evening. He however said that on the 24th, 25th and 26th January there was again a sit down strike in the underground continuously, that the Mines officers went down on the 26th and brought up the strikers. It is clear from Ex. M4 series that the sit down strikers underground had on 26th January forced an agreement upon the Management by threat and coercion. The witness admitted that it was said by some persons that that agreement was drawn up below ground. It is not any more pretended either by the Sangh or by the Association that the sit down strike that commenced on 21st January 1965 was not illegal or that the lockout declared on 23rd January and continued thereafter was not legal. That is the reason why the General Secretary of the Association had submitted the aforesaid memo confining the issue to the continuance of the lockout for the period subsequent to the date of reference which is 28th May 1965.

43. Now that the question is confined to the continuance of the lockout beyond the date of reference, the further question is whether it is a matter that can be enquired into in this reference under issue (h). By letter dated 23rd June 1965 Mr. Curtis intimated to the Regional Labour Commissioner (C), Hyderabad, that the working of the mines would be resumed on the 28th and that a notice to that fact was given to the workers. So it would mean that the lockout had continued for one month from the date of reference which is 28th May 1965. Seeing that by his memo Mr. Pai wants to limit consideration of this issue to the continuance of the lockout beyond 28th May 1965, any relief that could at all be granted would only be for a period of one month from 28th May to 28th June 1965. But the question is whether the subject of the continuance of the lockout beyond the date of reference could be subject of enquiry by me.

44. Section 22 of the Industrial Disputes Act relates to strikes and lockouts in Public Utility Services. Hutti Gold Mines is not a Public Utility Service. The question under consideration falls within the purview of section 23 of the I. D. Act. Section 23 (b) provides that no workman shall go on strike in breach of contract and that no employer of any such workman shall declare a lockout during the pendency of proceedings before a Labour Court, Tribunal or National Tribunal and two months after the conclusion of such proceedings. This provision is not attracted because in the instant case the lockout which continued beyond 28th May 1965 which is the date of reference, had already commenced in the last week of January 1965. Along with Section 23 should also be read section 24. Sub-section 1 of Section 24 provides that a strike or a lockout shall be illegal if commenced or declared in contravention of either Section 22 or of Section 23 or if it is continued in contravention of an order made under sub-section 3 of section 10. Sub-section 3 of Section 10 provides that where an Industrial Dispute has been referred to a Tribunal the appropriate Government may by order prohibit the continuance of any strike or lockout in connection with such dispute which may be in existence on the date of reference. It is no doubt true that the lockout in this case had continued beyond 28th May 1965 which is the date of reference, but until the appropriate Government had prohibited it by an order, there would be no illegality attached to the continuance of the lockout. Sub-section 2 of Section 24 provides that where a strike or a lockout has been in existence at the time of the reference of the dispute, the continuance

of the same shall not be deemed to be illegal if it was not so at its commencement or if it was not prohibited under sub-section 3 of Section 10. In the instant case there is no order from the appropriate Government prohibiting continuance of the lockout. It is not any more pretended either by the Sangh or by the Association that the strike that was resorted to in the last week of January 1965 was not illegal. That it was illegal is as much as admitted by reason of the memo filed by the General Secretary of the Association on 15th April 1966, and which had been extracted elsewhere. The lockout was legal and the continuance of it beyond 28th May 1965 was also legal because it was not prohibited by an order of the appropriate Government.

45. Inasmuch as there was no such prohibition as stated in the paragraph above, the continuance of the lockout beyond the date of reference, *viz.*, 28th May 1965, cannot be subject of enquiry in this reference because that would refer to the post reference period. So far as Issue (h) is concerned, it does not embrace within its scope the continuance of the lockout beyond the point of reference. Considering all the circumstances and the facts in the case, my finding under Issue (h) is that the lockout declared and continued by the company on and after 23rd January 1965 was justified and that the workmen are not entitled to any relief in respect thereof.

46. I have set down my findings separately under all the eight issues, Issues (a) to (h) Award is passed in terms of those findings.

Given under my hand and the seal of the Tribunal this the 12th day of August, 1966.

(Sd.) M. NAJMUDDIN-

Industrial Tribunal

APPENDIX OF EVIDENCE

Witnesses examined for

Workmen :

1. W.W.1 : Sri BABRAO.
2. W.W.2 : „ BALASUNDARAN.
3. W.W.3 : „ SHAMID ALI
4. W.W.4 : „ A. G. V. PAL.

Management :

1. M.W.1 : Mr. CURTIIS

List of documents exhibited for Workmen

- Ex. W1 : Annual reports for the year ending 31-12-1965.
- Ex. W2 : Memorandum of grievances of the employees of the Hutti Gold Mines Co. Ltd. dated 20-11-64.
- Ex. W3 : Statement showing the costs of daily human needs as on 1-11-63 and 1-11-64.
- Ex. W4 : Minutes of discussions of the conciliation proceedings held by the Conciliation Officer on 19th and 20th January 1965.
- Ex. W5 : Conditions of employment at the Hutti Gold Mines dated 2-1-1965 (Management document).
- Ex. W6 : Mysore State Gazette dt. 18-6-64 regarding dearness allowance.
- Ex. W7 : Cost of Living Index of Bangalore and Kolar for the year 1965.
- Ex. W8 : Receipt of Management for Rs. 30/- towards house rent dated 23-3-66.
- Ex. W9 : Receipt of Management for Rs. 180/- towards house rent dated 23-3-66.
- Ex. W10 : Circular No. 39 of 1963 of Labour and Employment Dept. dated 7-6-63 regarding supply of hard hats to workers.
- Ex. W11 : Calculation of available surplus for 1962-63 as per balance-sheets of Management.
- Ex. W12 : General Information of the unions *i.e.*, Membership and some particulars etc. (This exhibit marked in conciliation file page 61.)
- Ex. W13 : Letter dated 25-1-65 of the Conciliation Officer (C) Hyderabad addressed to the Chief Labour Commissioner (Central) New Delhi regarding the grievances of the employees of Hutti Gold Mines Co. Ltd.
- Ex. W14 : Pay envelop of Chinadorai.
- Ex. W14(a) : Pay envelop of Kannan.
- Ex. W15 : Price list of the Hutti Gold Mines Employees Canteen.

- Ex. W16 : Cash receipt for Rs. 112-50 given to Gopal by the Company towards House rent dues.
- Ex. W17 : Notice No. 916/UG/40B dated 5-2-66 of Mine Manager regarding the issue of boots.

List of documents marked for Employers

- Ex. M1 : Memorandum of Settlement made during the conciliation proceedings held by the conciliation Officer dated 3rd and 4th December 1964 at Hutti.
- Ex. M2 : Memorandum of Settlement between the employers of Hutti Gold Mines Co. Ltd., Hutti and their workmen represented by the Hutti Gold Mines Labour Union and the Hutti Gold Mines Kamgar Sangh dated 23-10-63.
- Ex. M3 : Profit and loss summary of 1948-1965.
- Ex. M4 : Various proceedings relating to the lockout and the statements given relating to them and the notices issued.
- Ex. 4(a) : -do- -do-
- Ex. 4(b) : -do- -do-
- Ex. 4(c) : -do- -do-
- Ex. 4(d) : -do- -do-
- Ex. 4(e) : -do- -do-
- Ex. 4(f) : -do- -do-
- Ex. 4(g) : -do- -do-
- Ex. 4(h) : -do- -do-
- Ex. 4(i) : -do- -do-
- Ex. M5 : Schedule of interest and loan repayment amounts.
- Ex. M6 : Comparative cost of some essential materials from 1954 to 1965.
- Ex. M7 : Comparative statement of dearness allowance dt. 25-6-65.
- Ex. M8 : Comparative statement of Kolar Gold Mines Undertakings and Hutti Gold Mines Wages schedule dt. 25-6-65.
- Ex. M9 : Statement showing the progressive increase in basic wage and D.A. from the year 1946.
- Ex. M10 : Financial liabilities involved in granting the demands of the Hutti Gold Mines Employees' Association.
- Ex. M10(a) : Estimated recurring and non-recurring financial burden of demands raised by the Hutti Gold Mines Employees' Association.
- Ex. M11 : Balance-sheet for the year ended 30th Sept. 1962.
- Ex. M11(a) : Balance-sheet for the year ended 20-9-63.
- Ex. M11(b) : Balance-sheet for the year ended 31-3-64.
- Ex. M12 : Letter dt. 2-12-65 of Kamgar Sangh addressed to Management regarding some concessions in the form of interim relief.
- Ex. M13 : Memorandum of Settlement between the Kamgar Sangh and Employers dt. 23-12-1965.
- Ex. M13(a) : Statement showing the financial commitment as per Agreement dt. 23-12-1965.
- Ex. M14 : Agreement dated 3-2-1966 between the Management and Kamgar Sangh and Employees' Association.
- Ex. M15 : Agreement dt. 21-10-65 between the Kolar Gold Fields and their workers.
- Ex. M15(a) : Covering letter dt. 23-10-65 of agreement dt. 21-10-65 of Kolar Gold Fields and their workers.
- Ex. M16 : Award dt. 7-7-61 of Central Industrial Tribunal, Bombay (H.G.M. Co.)
- Ex. M17 : Information given by the Panchayat regarding the number of houses dt. 9-4-66.
- Ex. M18 : Information regarding house rent of H.M.T. at Bangalore.
- Ex. M19 : Information of boots supplied at Rs. 50/- of the cost in Kolar Gold Fields.
- Ex. M20 : Statement of boots issued to underground employees from January 1964 to December 1964.
- Ex. M21 : Letter dt. 22-1-64 regarding profit bonus for the financial year 1-10-62 to 30-9-63.
- Ex. M22 : Worksheet regarding calculation of available surplus as per payment of Bonus Act from the year ending 30-9-63 and the half year ending 31-3-64.

- Ex. M23 : Memorandum of Settlement dt. 23-10-63 between the Hutti Gold Mines Co. Ltd. and their workmen represented by the Hutti Gold Mines Labour Union and the Hutti Gold Mines Kamgar Sangh.
- Ex. M24 : Statement showing working of incentive bonus scheme for various categories of workers.
- Ex. M25 : Statement of the cost of commodities at Hutti and at Raichur.
- Ex. M26 : Minimum wages notification applicable to the Raichur District.
- Ex. M27 : Mysore Govt. Notification fixing rations to persons who live in Mysore State.
- Ex. M28 : Statement showing price for Gold realised from 1960 onwards.
- Ex. M29 : Extract in respect of surface workers and under-ground workers at Kolar Gold Fields and wages paid to workers.
- Ex. M30 : Circular from Government of India classifying the Employees eligible for boots dt. 13-9-1961

(Sd.) H. NAJMUDDIN,
Industrial Tribunal.

[No. 24/8/65-LRI.]

New Delhi, the 6th September 1966

S.O. 2746.—In pursuance of section 17 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby publishes the following award of the Industrial Tribunal, Dhanbad, in the industrial dispute between the Employers in the relation to the Kamptee Colliery and their workmen, which was received by the Central Government on the 30th August, 1966.

BEFORE THE CENTRAL GOVERNMENT INDUSTRIAL, TRIBUNAL AT DHANBAD

In the matter of a reference under Sec. 10 (1) (d) of the Industrial Disputes Act 1947.

REFERENCE NO. 23 OF 1963

PARTIES:

Employers in relation to the Kamptee Colliery, 390, Byramjee Town Nagpur.

AND

Their workmen

PRESENT:

Shri Raj Kishore Prasad, M.A., B.L.,
(Retired Judge, Patna High Court),
Presiding Officer.

APPEARANCES:

For the Employers:

Sarvashri N. K. Chakraverty, Law & Establishment Officer
and S. S. Mishra, Labour Welfare Officer.

For the workmen:

Sarvashri S. W. Dhabe Advocate, and President and S.
Rout, Secretary, Maharashtra Pradesh Rashtriya Koyla
Khadan Kamgar Sangh, Nagpur.

AND

Shri W. D. Sugdes, President, Vidarbha Koyla Khadan
Kamgar Sangh.

STATE : Maharashtra

INDUSTRY : Coal

Camp : Nagpur, dated the 20th August 1966.

AWARD

By its order No. 12/2/63-L.R. II dated 12-3-63 the Government of India, Ministry of Labour and Employment, referred under Sec. 10 (1)(d) of the Industrial Disputes Act, 1947 (hereinafter referred to as *the Act*) to this Tribunal for adjudication an industrial dispute existing or apprehended between the Employers in relation to Kamptee Colliery and their

workmen in respect of the matters specified in the schedule annexed to the order of reference, which is reproduced below:

SCHEDULE

“(1) Whether the management of the Kamptee Colliery was justified in denying underground allowance to the underground workers for festival holidays since the 25th March 1959?

(2) If not, to what relief are the workmen entitled?”

2. This reference was received on 18-3-63 by the Tribunal; but, statement of claim, on behalf of the workmen, was received on 9-3-64 and written statement, on behalf of the company, was received on 21-4-65.

3. The case of Maharashtra Pradesh Rashtriya Koyla Khadan Kamgar Sangh, representing athe workmen, in their written statement filed on 9-3-64 was that the Kamptee Colliery has an employment of about 750 workmen and is situated near Kanhan in Nagpur District, that the management of the colliery used to pay normal wages, namely, basic wages, D. A. and underground allowance to the underground workmen for the festival holidays and the payment was made upto the Republic Day of 1959 but was stopped from 25-3-1959; that the stoppage of allowance was contrary to Sec. 9A of the Act as it was done without notice to the workmen and without following the procedure laid down in Sec. 9A of the Act; that this allowance was paid on festival holidays in addition to the wages paid for those holidays, and, therefore, this allowance became a Service condition and could not be changed without following the procedure under law; that this allowance was paid to all the workmen working underground who were about 550; that, therefore, the underground allowance for the festival holidays should be paid to the underground workers from 25-3-1959, when it was stopped, by the management.

4. The management in its written statement filed on 21-4-65 stated that the total persons employed in Kamptee Colliery were 900; that the award of the All India Industrial Tribunal (Colliery Disputes) came into force on 26-5-56 and since then the colliery started paying normal wages to the workmen and those worked underground were paid underground allowance but for festival holidays underground allowance was paid to underground workers till 26-1-1959 under a *bona fide* mistake and/or inadvertence or oversight; that the stoppage of underground allowance to underground workers for festival holidays was not contrary to Sec. 9A of the Act is also clear from the judgement of the Criminal Court *Ext. M1*; that the underground allowance was paid on festival holidays under mistake from 26-5-1956 to 26-1-1959 and after that it was stopped but such payment was not envisaged by the award and could not have formed conditions of service and, therefore, underground allowance for festival holidays was paid to all those who worked underground on those days. The management thereafter, gave in detail in clauses (a) to (m) its specific pleas, some of which are supported by *Exts. M1* to *M10* in the written statement. The main emphasis of the management however, is on the judgement of the criminal court *Ext. M1*, from which several paragraphs have been quoted at pages 5 and 6 of the written statement and also on para 487 of the All India Industrial Tribunal (Colliery Dispute) Award and on para 333 of the L. A. T. decision on Appeal against the said award and also on the letter of the Conciliation Officer (C), Nagpur to the R. L. C. (C), Bombay *Ext. M10*.

5. On 12.4.65 the case was fixed for hearing on 1-5-65 in the premises of Circuit House No. 1 at Jabalpur. Accordingly, the case was taken up on 1-5-65 at Jabalpur when the management was represented by its representative Sarvashri B. K. Lath, D. D. Diddee, Agent, and S. S. Misra, Labour Welfare Officer. The management filed documents which were marked Exhibits M 1 to M 10. He also filed a petition on the same day mentioning the ground therein on which it was contended on behalf of the management that the reference was bad in law. The case, however, had to be adjourned as there was no appearance on behalf of the workmen. It was, however, stated by Shri Lath that a petition for time had been sent to Dhanbad which has not reached the Tribunal till then, with a copy to the management, in which they desired the case to be heard at Nagpur, because Jabalpur is far away from Nagpur. The case accordingly was fixed for hearing on 19-8-66 at Nagpur.

6. The case was taken up on 19-8-66 at Nagpur in the Barrack of the Collector and at the hearing the management was represented by Sarvashri N. K. Chakraverty, Law & Establishment Officer Calcutta Office of M/s. Oriental Coal Co., and S.S. Mishra, Labour Welfare Officer, Kamptee Colliery. Shri S. W. Dhawe, Advocate, appeared as a representative of the Maharashtra Pradesh Rashtriya Koyla Khadan Kamgar Sangh, Nagpur of which he was the President along with its General Secretary Shri S. Rout. Shri W. D. Sugdeo President Vidharva Koyala Khadan Kamgar Sangh, Kamptee Colliery appeared for the other union. Amongst the concerned workmen Sarvashri Khairati Lal and Vishambhar Tewari, besides Shri S. Rout, Secretary of the union were also present *in person*. One more document was

filed by the management which was marked Ext. M 11. Neither the management nor any of the two unions examined any witness. None of the two unions filed any document nor did they raise any objection to the documents Ext. M 1 to M 11 being taken in evidence and marked exhibits as had been done. Arguments were heard on both sides and award was reserved.

Preliminary Objection

7. On behalf of the management a preliminary objection was taken that the present reference was incompetent on three grounds, namely, (i) that the reference should have been made under Sec. 36 A, and, not under Sec. 10(1)(d) of the Act; (ii) that Majumdar Award of 1956, which came into force on 25-6-56, as modified by the L.A.T. by its decision dated 29-1-57, was still in force and had not been terminated under Sec. 19 of the Act by the workmen, as required by Sec. 19 (6) of the Act; (iii) that the Director and Agent of the colliery was prosecuted for discontinuing payment of underground allowance for paid festival holidays falling on 25-3-59 without giving notice as required under Sec. 9A of the Act but was acquitted by a judgement dated 20-12-62 *Exr. M1* by the Criminal Court, and, therefore, there could be no reference in respect of the same matters because the principal of *autrefois acquit* laid down in Sec. 403 of the Code of Criminal Procedure Code will apply here also. I may at once state that all the grounds taken by Shri Chakraverty, on behalf of the management, are quite unsubstantial and have no merit. I will discuss each of the grounds separately herein-below. It may be mentioned that in the written petition, which was filed by the management on 1-5-65 at Jabalpur, only ground No. (ii) has been taken, and the first and the third ground were not taken but they were urged in course of the argument by Shri Chakraverty.

Re. 7 (i) :

8. This argument that the reference should have been made for the interpretation of the Majumdar Award "to remove difficulties" as to whether underground allowance payable to underground workers under the award is payable to them on festival holidays or not, and that the reference should not have been made under Sec. 10(1)(d) of the Act for adjudication, in my opinion, is based on misconception of the true scope of the present dispute. It was conceded, on behalf of the management by Shri Chakraverty, that the Majumdar Award does not specifically either in the affirmative or in the negative say whether the underground allowance payable to the underground workers under the award should be paid to them on festival holidays also or not. In the admitted absence of such a provision in the Majumdar Award there is no question of any doubt and difficulty arising as to the interpretation of any provision of the Majumdar Award regarding this question, and, therefore, there was nothing to remove difficulties and as such the Government acted properly and rightly in not referring the matter under Sec. 36 A but under Sec. 10(1)(d) of the Act for adjudication of the industrial dispute. The first ground, therefore, fails.

Re. 7 (ii) :

9. When it is admitted on behalf of the management, by Shri Chakraverty, as also in para. 6 of the written statement, that payment of underground allowance for the festival holidays was not envisaged by the award, I cannot understand how can the Majumdar Award, even assuming it is in operation, will bar the present reference, when the subject matter of the present reference on the case of the management itself is not at all covered, directly or indirectly, expressly or impliedly, by the said Award. On this ground, therefore, the second ground must fail.

10. In the above connection, Shri Dhawe referred to the decision of the Supreme Court in *Workmen of Balmer Lawrie & Co. Vs. Balmer Lawrie & Co. Ltd., and another*, 1964 (1) LLJ 380, for the proposition that principles analogous to *res judicata* are inapplicable to industrial adjudication fixing long term service conditions such as wage scales, etc. In that case, it was held that payment of a high rate of dearness allowance was not an answer to the demand for revision of wage scales. But, in my opinion, the question of *res judicata* does not arise in the present case, because even the management did not rely on this principle and did not argue on that line, and, therefore, I do not think it is necessary to deal with the case in detail at all. Even while urging that the Majumdar Award was a bar to the present reference the management did not argue that the reference was invalid on the ground that it was barred by the principles of *res judicata*, but on a different ground that as the Award has not been terminated in the manner provided by Sec. 19 of the Act no fresh reference could be made. In this view of the matter, I do not think the question of *res judicata* arises at all in the present case.

Re. 7 (iii) :

11. The simple answer to this argument is that the principle of *autrefois acquit* will not apply to an industrial adjudication for the simple reason that it is not a criminal prosecution or

accrual case in which one party is being prosecuted or the like. The fact, therefore, that the managements, Agent and Director, Shri D.D. Didec, on being prosecuted for stopping payment of the underground allowance for the paid festival holidays falling on 25-3-1959 without giving notice as required by Sec. 9A of the Act, was subsequently acquitted as well as per a from the Magistrate's judgement, *Ext. M 1*, in my opinion, has no relevancy to the present case, and, therefore, the fact that he was so acquitted can be no bar to the present reference. The third ground, therefore, also fails.

On Merits

12. After having rejected the preliminary objection, I will now proceed to consider the merit of the case. The dispute between parties lies within a narrow campus. According to the management, the underground allowance, allowed by the Majumdar Award to be paid to all those who work underground as well as those whose normal work is both underground and on the surface, *is paid to them only when they worked even on festival holidays, otherwise not* because according to the management that underground allowance is a sort of compensatory allowance in view of the dangers and risks to which they are exposed and nothing more, and as such compensatory allowance can be claimed by underground workers only when they work even on festival days and not otherwise. The stand taken by the concerned workmen, however, is that as admitted, all other workmen are entitled to their wages including D.A., etc. even on festival holidays even when they do not work on those days likewise on the same principle the underground workers are also entitled to underground allowance, which is included in wages as defined in Sec. 2(rr) (i) of the Act, and therefore, whether they work or not on festival holidays they are entitled to get underground allowance on the festival holidays as the other workers on festival holidays have been paid even when they do not work and, as such, there should be no discrimination.

13. To answer the above dispute both the parties relied on the Majumdar Award as modified by the L.A.T., and therefore, let us look into the relevant paragraphs from them. The award of the All India Industrial Tribunal (Colliery Disputes), as stated, earlier, came into force with effect from 26-5-56. The workmen of the collieries in India went up in appeal against the said award to the L.A.T. of India, which gave its decision on 29-1-57.

14. The relevant portions of para 387. Majumdar Award, at page 98, are in these terms :—

"Our wage structure will consist of a basic wage, dearness allowance and statutory bonus. We also intend providing for the workers an underground allowance as we are satisfied that underground work would have to be treated differently from surface work. *The underground allowance would be available to all those who work underground as well as those whose normal work is both underground and on the surface*

15. The important paragraph on which reliance was placed in the written statement as well as in the argument by the management was para 487. Para 487, at page 128, is as follows :—

"487. So far we have been dealing with the lowest category of workers without making any distinction between underground and surface worker which is a peculiar feature of the mining industry. The workmen have demanded that while fixing the rates for different categories 12½% should be given to those who are working underground. It does not require much argument that even unskilled work underground is different from unskilled work on the surface. In the *first place*, the underground worker has got to go down a cage which means that he has to spend some time and prepare himself before he reaches the work-spot. In the *second place*, he works in surroundings which are decidedly less congenial than those on the surface. In the *third place*, he is exposed to dangers brought about by others from the consequences of which he may also have to suffer. What we propose to do is to provide an *extra allowance* for underground workers which would be equal to 12½% of the basic wages fixed for the different categories of workers. This allowance would be available not only to workers who work underground but also to workers going down in inclines as well as to those whose normal work is both on the surface and underground."

16. L.A.T. on appeal against the above Majumdar Award dealt with *Underground Allowance* in paras 333 to 346. In para 333 L.A.T. described this *Underground Allowance* as below :

"333. This is a special allowance given by the Award to workmen who are required by the nature of their work to go down inclines and underground. This special allowance has been fixed at 12½ per cent of the basic wage, and does not count for Dearness Allowance, Provident Fund or Bonus. It has been restricted to workmen whose monthly basic pay does not exceed Rs. 72/- in market collieries and Rs. 96/- in State collieries."

17. L.A.T. modified the above and summed up its decision on *Underground Allowance* in para 346. at page 128, in these words :

“346. In the result, we direct that subject to what we have said in the preceding paragraph, the workmen in coal mining industry shall get payment, for work on paid holidays at overtime rates in addition to the normal wages for the day.”.

18. The question is the meaning of “wages” used in para 346 of the L.A.T. decision, a page 128, quoted above. Neither in the L.A.T. decision nor in the Majumdar Award the word “wages” has been defined. According to the management the word “wages” does not include underground allowance, because it is a *special allowance* as said by L.A.T. in para 333 produced in paragraph 16 above, or, in other words, it is in the nature of compensatory allowance in lieu of the risks and hazards to which the underground workers are exposed as mentioned in para 480 of the Majumdar Award reproduced in *extenso* in paragraph 15 above given to the underground workers only when they work and not otherwise, on behalf of the unions, however, it was argued by Shri Dhare that the word “wages” has been defined in Sec. 2 (rr) (i) of the Act and this new definition of the word “wages” has been inserted in the Act by Act No. 43 of 1953 which came into effect on 24-10-53, and now under this definition of wages such underground allowance would also be included therein, which fact, however is challenged by the management..

19. The material portion of the definition of the word “wages” in Sec. 2 (rr) (i) of the Act is as below :

“2. Definition.—In this Act unless there is anything repugnant in the subject or context (rr) Wages means all remuneration capable of being expressed in terms of money which would, if the terms of employment expressed or implied, were fulfilled, be payable to a workman in respect of his employment, or of work done in such employment and includes —

(i) such allowance (including dearness allowance) as the workman is for the time being entitled to

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20. The word *wages* has been defined very widely and according to the present definition “wages” means “all remuneration capable of being expressed in terms of money”, which would, in my opinion, include underground allowance also, because such allowance is payable under the Award in terms of his employment in respect of his employment and to which under the Award he is entitled. It was conceded by Shri Chakraverty, on behalf of the management, that the word *wages* includes not only basic wages, but also D.A. and statutory bonus. That position is admitted. The dispute is that it does not include the underground allowance which is available to all those who work underground as well as these whose normal work is both underground and on the surface.

21. According to L.A.T. Decision, para 346, workmen in the coal mining industry shall get payment for work on paid holidays at overtime rates in addition to normal wages for the day, which means, that if they do not work on the paid holidays they will get only the normal wages of the day, but if they work on a paid holiday also, they will get, in addition to the normal wages for the day, payment for the day at overtime rates. I do not find any reason why this principle should not apply to underground workers also, and why there should be any discrimination in case of the underground workers and why they also should not be treated alike justly and fairly. It is conceded by the management that the L.A.T. decision does not say that para 346 did not apply to the underground workers, on the other hand para 346 says that “the workmen for the coal mining industry shall get payment for work of paid holidays at overtime rates in addition to normal wages for the day”. I have already held that “wages include underground allowance also according to the new definition of wages in Sec. 2(rr) (i) of the Act, in my opinion, there can be no doubt that underground workers are entitled to underground allowance on festival holidays also even when they do not work, like other workers, and if they work on that day they will get wages in accordance with para 346 of the L.A.T. decision i.e., they will get payment for work on paid holidays at overtime rate in addition to normal wages for the day as conceded by the management.

22. It may be noted that the unions did not rely on Sec. 9A of the Act, and, therefore, did not argue that the payment of underground allowance on festival holidays even when the underground workers do not work was a condition of service which could not be changed without a notice as required by Sec. 9A of the Act, and, as such, it is not necessary to deal with it. It was, on the other hand, conceded by Shri Dhare that Sec. 9A of the Act has no application to the present case. It is not disputed, and it cannot be disputed, that the Tribunal can even vary condition of employment, if found necessary and the employer has no absolute freedom to impose any condition, as was held by the Supreme Court in *Bombay Labour Union Vs. International Franchise (P) Ltd.*, 1966 (1) LLJ 417. This contingency, however, does not arise here, because on the Majumdar Award itself read with the new definition of the word “wages” in Sec. 2(rr) (i) of the Act, it is plain that underground allowance is included in wages and as it is also wages it must be paid to the underground workers.

23. Shri Dhabe, in support of his contention that the underground workers will get underground allowance even on festival holidays even when they do not work on those days, although not so specifically provided for or prohibited by the Majumdar Award or the L.A.T. Decision, submitted that the principles underlying Rule 23(4) of the Maharashtra Minimum Wages Rules, 1963 and Sec. 18(3) of The Bombay Shops and Establishments Act, 1948 (Bombay Act No. LXXIX of 1948) should apply to the present case. Although none of them apply to collieries. He also relied on Rule 23 (4) of The Maharashtra Minimum Wages (Central) Rules, 1950, on which line Rule 23 (4) of The Maharashtra Minimum Wages Rules, 1963 is framed.

24. The material portion of sub-rule (4) of Rule 23 of the Maharashtra Minimum Wages Rules, 1963 upon which reliance was placed, is in these terms :

"(4) An employee shall be granted for the rest day wages calculated at the rate applicable to the next preceding day and in case he works on the rest day and has been given a substituted rest day, he shall be paid wages for the rest day on which he worked, at the overtime rate and wages for the substituted rest day at the rate applicable to the next preceding day :

Provided further that in case of an employee governed by a piece-rated scheme, the employee shall be granted for the rest day wages, equivalent to the daily average earnings of the employee for the preceding six days ; and in case he works on the rest day and has been given a substituted rest day he shall be paid wages for the rest day on which he worked at double the average rate as calculated above and for the substituted rest day at the said average rate.

Explanation.—In this sub-rule, "*next preceding day*" means the last day on which the employee has worked, which precedes the rest day or the substituted rest day, as the case may be ; and where the substituted rest day falls on a day immediately after the rest day, the next preceding day means the last day on which the employee has worked, which precedes the rest day".

25. As conceded by Shri Dhabe the Maharashtra Minimum Wages Rules, 1963, do not apply to collieries. It may, however, be mentioned that the word '*wages*' has been defined in Sec. 2(h) of The Minimum Wages Act, 1948 also, which Act also of course, as conceded by Shri Dhabe, does not apply to collieries, but the definition of *wages* in Sec. 2(rr), of the Act is wider in as much as a provision like Sec. 2(rr)(i) of the Act is not to be bound in Sec. 2(h) of The Minimum Wages Act, 1948. According to the above rule 23(4) an employee shall be granted for the rest day wages calculated at the rate applicable to the next preceding day and in case he works on the rest day and has been given a substituted rest day he shall be paid wages for the rest day at which he worked at the overtime rate and wages for the substituted rest days rate applicable to the next preceding day. The proviso provides for a piece-rated employee on the same line.

26. Sec. 18 (3) of The Bombay Shops and Establishments Act, 1948, is in these terms :

"(3). No deduction shall be made from the wages of any employee in a shop or commercial establishment on account of any day on which it has remained closed under this section. If any employee is employed on a daily wage, he shall nonetheless be paid his daily wage, for the day on which such shop or commercial establishment remains closed. If any employee is paid a piece-rated wage, he shall nonetheless be paid his wage for the day on which the shop or commercial establishment remains closed, at a rate equivalent to the daily average of his wages for the days on which he has actually worked during the six days preceding such closed day, exclusive of any earning in respect of overtime :

Provided that nothing in this sub-section shall apply to any person whose total period of continuous employment is less than six days".

27. Here again, it was conceded by Shri Dhabe that The Bombay Shops and Establishments Act, 1948, does not apply to collieries, but he relied on it for analogy to say that even in case of other Acts relating to other establishments similar is the provision and that even for rest day wages are paid at the rate which the employee was paid previously. According to Sec. 18(3) of this Act of 1948 no deduction shall be made from the wages of any employee in a shop or commercial establishment on account of any day on which it remains closed under this section and if an employee is paid a daily wage he shall none the less be paid his wages for the day on which the shop or commercial establishment remains closed, and so on.

28. Rule 23 (4) of the Minimum Wages (Central) Rules, 1950, is also on the same line as Rule 23 (4) of the Maharashtra Minimum Wages Rules, 1963, the material portion, however, of sub-rule (4) of Rule 23 is in these words :

"An employee shall be granted for the rest day wages calculated at the rate applicable to the next working day and in case he works on the rest day and has been given a substituted rest day, he shall be paid wages for the rest day on which he worked, at the overtime rate and wages for the substituted rest day at the rate applicable to the next preceding day."

The humble petition of the parties above-named most respectfully.
Sheweth:

1 That the parties above-named have amicably settled the above-mentioned disputes on terms and conditions set forth hereinafter:

Terms of Settlement

(a) It is agreed that all the 17 daily-rated sub-staff involved in the above reference, (As per Annexure 'I') who are at present engaged by the Corporation, will be absorbed in the regular Class IV cadre of the Corporation in the Muzaffarpur Division without prejudice to the provisions of the Staff Regulations.

(b) The above absorption in the regular Class IV cadre in the service of the Corporation will be effective on and from 1st July, 1966, subject to medical fitness and such absorbed employees will be deemed to be confirmed in the service of the Corporation, waiving the probationary period, with effect from the said date of absorption, that is, 1st July, 1966.

2 It is further agreed that such of the within-mentioned 17 daily-rated sub-staff, who are to be appointed in the regular Class IV cadre in the manner stated above, fail or refuse to accept the appointments on the terms offered including the place of posting in the Muzaffarpur Division, shall have their services terminated forthwith without any consideration whatsoever.

3. The within-mentioned 17 daily-rated sub-staff to be appointed on regular basis in the Corporation from the prospective date, that is, 1st July, 1966, shall not be entitled to payment of any arrears of emoluments other than what have been provided for in this Terms of Settlement or any other benefits for their past association with the Corporation such as, leave, Provident Fund etc., They should be entitled to the benefits admissible to the permanent employees of the Corporation from the date of their appointment in the Corporation on confirmed basis i.e., from 1st July, 1966.

4. It is further agreed that an *ad hoc* lump sum *ex-gratia* amount of Rs. 750 (Rupees Seven hundred and fifty only) will be paid to each of the 17 daily-rated sub-staff to be absorbed in the regular service of the Corporation in the manner indicated herein above. Those who would refuse to accept the employment under the Corporation would not be eligible to the aforesaid *ex-gratia* payment.

5. It is further agreed that the bonus for the years 1962, 1963, 1964, 1965 if not paid, and upto 30th June, 1966, will be paid to such of those daily-rated sub-staff proposed to be absorbed on their satisfying the twin conditions of being in continuous service in the Corporation for a period of 6 months and also continuing to be engaged on 31st December of each of the said years at the rate applicable to such daily-rated sub-staff under the rules of the Corporation. On and from 1st July, 1966, such daily-rated sub-staff so absorbed in the regular service of the Corporation will be entitled to bonus as per rules applicable to the permanent employees of the Corporation.

6. All appointments shall take effect only after the within-mentioned daily-rated sub-staff, so absorbed, report and join in their respective offices of posting. The payment of *ad-hoc ex-gratia* lumpsum amount as also bonus, as aforesaid will be paid to them only after they have reported to their respective offices of posting within Muzaffarpur Division as per letter of appointment to be issued to them and have duly accepted the appointment under the Corporation.

7. It is also agreed that the aforesaid daily-rated sub-staff who are to be absorbed in the regular class IV cadre of the Corporation in terms of settlement herein will be subject to the rules and regulations governing the terms and conditions of service of the employees of the Life Insurance Corporation of India the parties in the proceedings.

8. The above agreement is without prejudice to the rights and contentions of the parties in the proceedings.

In the circumstances your petitioners pray that an Award in terms of the Settlement herein entered into by the parties above-mentioned be passed and such further or other order or orders be passed as this Hon'ble Tribunal may deem fit and proper.

Here also there are two Proviso and an Explanation as are to be found in Rule 23 (4) of The Maharashtra Minimum Wages Rules 1963, which are on the same line as the Minimum Wages (Central) Rules, 1950. Admittedly as conceded by Shri Dhabe these Rules do not also apply to collieries.

29. In my opinion, decisions based on analogy are always unsafe, and, therefore, it should not be resorted to. When admittedly the above Rules and Act do not apply to collieries, the rights and liabilities of present parties cannot be fixed or determined on the basis of the same. Reliance on them, therefore, is unprofitable and of no use here. Here we have to confine ourselves to the Majumdar Award as modified by the L. A. T. and the decision of the Tribunal is to be based on the same. On the Mazumdar Award itself there is no doubt that the underground allowance being now included in 'wages' under section 2 (rr) (i) of the Act and it being conceded by the management that on festival holidays the underground workers are entitled to their wages, that is, basic wages, dearness allowance and bonus only, according to the management even when they do not work, it follows that they are also entitled to the underground allowance, because such an allowance is not compensatory allowance as tried to be made out by the management, but that is also 'wages' as it is included in 'wages' under Sec. 2 (rr) (i) of the Act itself, and, therefore, the underground workers will get wages including underground allowance at the same rate at which they were getting before on the festival holidays also even if they do not work and if they work, it is admitted, they will get overtime as provided by Para 346 of L. A. T. decision.

30. I may mention that on behalf of the management great reliance was placed on Ext. M. 10, which is a letter sent by the Conciliation Officer (C), Nagpur, to the R.L.C. (C), Bombay, on 12th September, 1959 holding that the underground workers when they did not go underground on the Holi festival holiday, are not entitled for payment for the holiday, after consideration of certain paragraphs of the Majumdar Award and the L.A.T. decision. The reply to this contention is that a Tribunal is not bound by the opinion of the Conciliation Officer and as such it is not necessary to deal in detail with Exts. M. 1 to M. 11, which have been filed on behalf of the management and which, in my opinion, are of no assistance in resolving the dispute in question. Ext. M. 1 is the Criminal Court judgment dated 20th December, 1962, acquitting Shri D. D. Didee, Director and Agent of the Company for breach of Sec. 9A of the Act; Ext. M. 2, dated 12th September, 1959, is Failure of Conciliation Report; Ext. M. 4 dated 30th November, 1959, is a letter from the Under Secretary, Government of India, Ministry of Labour, to the management informing that the present dispute is not fit for reference to an Industrial Tribunal; Ext. M. 5, dated the 30th March, 1960, is a letter from Conciliation Officer to the management to show cause why action should not be taken for breach of Sec. 9A of the Act; Ext. M. 6, dated 7th April, 1960 is an explanation to Ext. M. 5; Ext. M. 7, dated 16th/21st, December, 1960 is also an explanation submitted to Government, by Shri K. C. Thapar regarding proposed prosecution, in reply to Ext. M. 8; Ext. M. 9, dated 4th December, 1961 is also an explanation to Ext. M. 8; and Ext. M. 11, is a reply from Government to Shri K. C. Thapar regarding his prosecution. Thus it will appear that they are not of material assistance for the purpose of the present adjudication. They only provide the background. I may further mention that on behalf of the management emphasise was placed, as stated earlier also, only on the criminal court judgment Ext. M. 1, and on the letter of the Conciliation Officer Ext. M. 10, just mentioned, and, therefore, a passing reference has been made to the other letters.

Conclusions

31. After consideration of all the facts and circumstances of the case, I sum up my conclusions below:

(i) Admittedly, neither the Majumdar Award nor the L.A.T. on appeal against that Award provide specifically whether underground allowance, which is available to all those who work underground as well as to those whose normal work is underground, and on the surface and which is paid to such workers on festival holidays when they work, is to be paid to such workers also on festival holidays even when they do not work;

(ii) Admittedly, as conceded by the management, all the workers, including underground workers, get their wages, which according to the management, include basic wages, Dearness Allowance and, bonus only on festival holidays even when they do not work;

(iii) On my finding that in view of the new definition of the word 'wages' in Sec. 2(rr)(i) of the Act underground allowance is included in wages, and, therefore, underground allowance is not compensatory allowance, as contended by the management, but is wages payable to underground workers in respect of their employment in terms of their employment as envisaged by Section 2(rr)(i) of the Act, and as such, underground allowance, even though not specifically provided by

the Majumdar Award and L.A.T. decision, is payable to the concerned workmen on festival holidays even when they do not work, and, accordingly they are entitled, as a matter of right, to get such payment from the management on festival holidays even if they do not work.

32. In the result, I answer the reference by holding that the management of the Kamptee Colliery was not justified in denying underground allowance to the underground workers, namely, all those who worked underground as well as whose normal work was underground and on the surface, as certified in Para. 387 of the Majumdar Award for festival holidays since 25th March, 1959, even when they do not work and, therefore, such underground workers are entitled as a matter of right to be paid by the management underground allowance with effect from the 25th March, 1959, when it was stopped by the management for the first time after having paid rightly and not under a mistake from 26th May, 1956 to 26th January, 1959. They are further entitled to all the benefits, monetary or otherwise, to which they otherwise would have been entitled by virtue of their employment since then.

33. This award must be implemented within one month from the date it becomes enforceable under Sec. 17A of the Act after its publication under Sec. 17 of the Act.

34. This is the award which I make and submit to the Central Government under Sec. 13 of the Act.

(Sd.) RAJ KISHORE PRASAD,
Presiding Officer.

[No. 12/2/63-LRII]

S.O. 2747.—In exercise of the powers conferred by section 7A of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby constitutes an Industrial Tribunal with headquarters at Jabalpur and appoints Shri G.C. Agarwal as the Presiding Officer of that Tribunal with effect from the 31st August, 1966.

[No. F. 1/65/66-LRI—

S.O. 2748.—In exercise of the powers conferred by sub-sections (1) and (2) of section 7 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby constitutes a Labour Court with headquarters at Jabalpur for the adjudication of industrial disputes relating to any matter specified in the Second Schedule to the said Act and for performing such other functions as may be assigned to it under the said Act, and appoints Shri G. C. Agarwal as the Presiding Officer of that Court with effect from the 31st August, 1966.

The Labour Court so constituted shall be known as the Labour Court No. 2, Jabalpur.

[No. F. 1/65/66-LRI.]

New Delhi, the 9th September 1966

S.O. 2749.—In pursuance of section 17 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby publishes the following award of the Industrial Tribunal, Dhanbad, in the matter of an application under section 33A of the said Act, from Manganes Koyala Khan Kamgar Union, Post Office Khapa, Tahsil, Saoner District Nagpur, which was received by the Central Government on the 30th August, 1966.

BEFORE THE CENTRAL GOVERNMENT INDUSTRIAL TRIBUNAL AT DHANBAD

In the matter of a complaint under Section 33A of The Industrial Disputes Act, 1947.

COMPLAINT No. 1 OF 1957
(Arising out of Reference No. 6 of 1955)

PARTIES:

Manganese Koyala Kamgar Union, Gumgaon Mine, Regd. No. 268, P.O.
Khapa, Tahsil: Saoner, Dist. Nagpur—*Complainant.*

Versus

M/s. Goenka Mining Syndicate, North Ambazari Road, Nagpur-1—Opp.
Party.

PRESENT:

Shri Raj Kishore Prasad, M.A., B.L., (Retired Judge, Patna High Court),
Presiding Officer.

APPEARANCES:

For the Union Complainant—Shri N. H. Shrote, General Secretary of the
Union.

For the Management Opposite Party: S. Mukherjee, Agent of Colliery.

STATE: Maharashtra.

INDUSTRY: Manganese Mine.

Camp: Nagpur, dated August 22, 1966

AWARD

This is a complaint under Section 33A of The Industrial Disputes Act, 1947, (hereinafter referred to as 'the Act') by Manganese Koyala Khan Kamgar Union, received Union, received by registered post on 8th May, 1957 in Reference No. 6 of 1955. In the complaint itself a Schedule is attached, in which a list of the sixty employees on whose behalf the complaint was filed is given. Unfortunately, admittedly none of these sixty complainants have either signed the complaint or authorised in writing the union or its General Secretary Shri N. H. Shrote to file the present complaint on their behalf.

2. On 9th February, 1959 my predecessor issued a notice on the complaint to show cause how the complaint was maintainable, but it appears nothing further was done, as I do not find from the ordersheet that anything further was done in that regard. Later, on 12th April, 1963 the case was fixed by me for hearing at the request of the management at Bombay, but there, as the proceedings in Reference No. 6 of 1955, in which the present complaint had been filed, had been stayed by the Patna High Court on 20th July, 1962 in M.J.C. 439 and 440 of 1962, the case was adjourned *sine-die* until the disposal of the Writ applications in the Patna High Court.

3. Subsequently, the Writ Applications in the Patna High Court were withdrawn and the stay order was vacated thereby automatically and, therefore, the case was fixed for hearing on 22nd August, 1966, i.e. today at Nagpur and notices were issued accordingly to both the parties.

4. In response to the notice Shri N. H. Shrote, General Secretary of the Union, the Complainant, appeared for the complainant, but on behalf of the management opposite party, namely, M/s. Goenka Mining Syndicate North Ambazari Road, Nagpur-1, in spite of service of the notice on Shri S. P. Poddar on 4th July, 1966, who is said to be one of the Partners of the Company, no one appeared and, therefore, the proceedings proceeded *ex-parte* against the management opposite party.

5. After the award was dictated in open Court, as there was nothing to be kept secret about it, Shri S. Mukherjee, Agent of the Colliery appeared and his appearances was simply noted in the ordersheet.

6. There is one legal flaw to the maintainability of the complaint itself and unless the said defect is removed it cannot be heard on merits and, accordingly, the Tribunal asked Shri Shrote to satisfy the Tribunal as to how the present complaint made by the union was maintainable in the absence of any written authority in favour of the Union by the sixty employees on whose behalf this complaint is said to have been filed and also in the absence of their signatures on this complaint.

7. Shri Shrote, on behalf of the complainant, contended that the union being the representative of the concerned employees had the legal right to make a complaint on behalf of the concerned employees and, therefore, no written authority from the sixty employees authorising the union to file the complaint on their behalf was needed nor their signatures on the complaint was also required and as such the present complaint was perfectly maintainable.

8. Section 33A of the Act in clear terms gives the right to make a complaint in writing only to "any employee aggrieved by such contravention". Section 33A of the Act does not say that the complaint can be made either by any employee aggrieved by such contravention or on his behalf by his union representing him ever when the said union is not authorised by him in writing. The question of the union representing the workmen at the hearing of the complaint is a matter quite different from the filing of the complaint and, therefore, the two matters

have to be kept separate. This question, however, is no longer at large because it has been set at rest by a decision of the L.A.T. that a complaint can be filed under Sec. 33A of the Act only by an employee aggrieved by the contravention or by a union if such union is authorised in writing by such employee, otherwise not. In this view, it is plain that the present complaint is not maintainable.

9. The result, therefore, is that the complaint is rejected as not maintainable. There will be no order for cost.

10. This is the award which I make and submit to the Central Government under Section 15 of the Act.

(Sd.) RAJ KISHORE PRASAD,
Presiding Officer..
[No. F. 35/14/66-LRI.]

New Delhi, the 12th September 1966

S.O. 2750.—In pursuance of section 17 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby publishes the following award of the Industrial Tribunal, Dhanbad, in the matter of an application under section 33A of the said Act, from the Provincial Rastriya Manganese Mines Workers' Union, Itwara, Nagpur, which was received by the Central Government on the 26th August, 1966.

**BEFORE THE CENTRAL GOVERNMENT INDUSTRIAL TRIBUNAL AT
DHANBAD**

In the matter of a complaint under Section 33A of The Industrial Disputes Act, 1947.

**COMPLAINT No. 60 of 1962
(Arising out of Ref. No. 16 of 1955)**

PARTIES:

Provincial Rastriya Manganese Mines Workers' Union, Itwara, Nagpur—
Union Complainant.

Versus

Rai Sahib Seth Gopikisan Agarwal, Tumsar, District Bhandara, (Bombay)—
Employer Opp. Party.

PRESENT:

Shri Raj Kishore Prasad, M.A., B.L., (Retired Judge, Patna High Court),
Presiding Officer.

APPEARANCES:

For the Union Complainant—None.

For the Employer Opposite Party—None.

STATE: Maharashtra.

INDUSTRY: Manganese Mines.

Nagpur, dated the 24th August, 1966

AWARD

This complaint under Section 33A of the Industrial Disputes Act, 1947, was made on 14th December 1962 by Provincial Rastriya Manganese Mines Workers' Union against Rai Sahib Seth Gopikisan Agarwal of Tumsar in Reference No. 6 of 1955 on behalf of un-named and un-specified number of workmen who are the members of this union complainant in the Sukli and Miragpur Mines of the opposite party complaining against the illegal termination of their services. It may be mentioned here that no where in the complaint the names of the concerned workmen are disclosed nor it is stated as to how many of them they are on whose behalf the complaint has been filed nor is it mentioned that this union has been authorised in writing by those un-named and unspecified workmen or by all the workmen or by a number of workmen who are the members of the said union of the Sukli and Miragpur Mines to file the present complaint nor does the complaint bear the signature of any workman.

2. The case was fixed for hearing at Nagpur on 23rd August 1966 at 10-30 a.m. in a room in the Barracks of the Collectorate and notices of the venue and the

date and the time of the hearing were sent to both the parties and the notices were served on both the parties, on the complainant on 5th July 1966 and on the opposite party on 4th July 1966, but inspite of the service of the notices neither the union complainant nor any aggrieved workman of the union nor the opposite party appeared at the hearing before the Tribunal. The Tribunal waited for both the parties for one hour till 11.30 a.m. after which the Tribunal considered unnecessary to wait any longer, and, therefore, decided to decide the complaint *ex-parte* on its maintainability notwithstanding the default of the union complainant.

3. The complaint of the union is not maintainable because section 33A of the Act requires the complaint to be filed by the aggrieved employee himself and not by his union, and, therefore, *prima-facie* the complaint made by the union and not by the employees concerned is not maintainable. It has been held by the L.A.T. that if the aggrieved workman authorise in writing his union to file a complaint on his behalf then on the strength of such an authority it would be open to such union also to file a complaint and if such a complaint is filed then in such circumstances the complaint would be maintainable, but, in the instant case, we do not know who are the aggrieved workmen. The names of the aggrieved workmen are not mentioned anywhere in the complaint itself nor any list of such workmen has been attached or a schedule thereof has been given in the complaint so that the Tribunal could know how many of such workmen are aggrieved and who they are and how many they are, and, therefore, it is impossible to say who are those unspecified and unnamed workmen and how many of which mine. Admittedly also there is no written authority, by any such unspecified and unnamed workman, authorising the union complainant to file the complaint and therefore, obviously the present complaint is not maintainable by the union and as such the union has no right to make the complaint under Section 33A of the Act. For these reasons, I hold that the complaint is not maintainable.

4. The result is that the complaint is rejected as not maintainable.

5. This is the award which I make and submit to the Central Government under Section 15 of the Act.

(Sd.) RAJ KISHORE PRASAD.
Presiding Officer.

[No. F. 35/13/66-LRI.]

ORDERS

New Delhi, the 5th September 1966

S.O. 2751.—Whereas the Central Government is of opinion that an industrial dispute exists between the employers in relation to the Nichitpur Colliery of Messrs Nichitpur Coal Company (Private) Limited, Post Office Bansjora, District Dhanbad, and their workmen in respect of the matters specified in the Schedule hereto annexed ;

And, Whereas the Central Government considers it desirable to refer the said dispute for adjudication ;

Now, Therefore, in exercise of the powers conferred by clause (d) of sub-section (1) of section 10 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby refers the said dispute for adjudication to the Industrial Tribunal, Dhanbad, constituted under section 7A of the said Act.

SCHEDULE

- I. Whether the action of the management of the Nichitpur Colliery of Messrs Nichitpur Coal Company (Private) Limited in refusing employment to the workmen listed in Annexure 'A' from the 18th January, 1965 and from subsequent dates and finally dismissing them from service, with effect from the 12th May 1965, was legal and justified ? If not, to what relief are the workmen entitled ?
- II. Whether the action of the management of the Nichitpur Colliery of Messrs Nichitpur Coal Company (Private) Limited in refusing employment to the workmen listed in Annexure 'B' from the 18th January, 1965 and from subsequent dates, was legal and justified ? If not, to what relief are the workmen entitled ?

ANNEXURE 'A'

Name	Designation
1. Mangru Bhuia	Trammer
2. Kali Bhuiya	"
3. Prasadi Bhuian	"
4. Mithu Bhuia	"
5. Mahabir Bhuia	Loading Mazdoor
6. Bhubaneswar Bhuia	Miner
7. Mahabir Pasi	Loading Mazdoor
8. Iswar Gope	Trammer
9. Jhagroo Gope	"
10. Madan Gope	"
11. Annu Rowani Kahar	Line Mistry
12. Jethu Bhuia	Trammer
13. Jethan Bhuia	"
14. Nanku Bhuia	Miner
15. Keshab Bhuia	Trammer
16. Dasrath Bhuia	Miner
17. Munia Bhuia	Loading Mazdoor
18. Sohan Bhuia	Trammer
19. Panchu Bhuia	"
20. Nathu Khan	"
21. Amanat Mian	"
22. Khajamuddin	"
23. Ramdeo Bhuia	"
24. Ramdhani Bhuian	"
25. Jageshwar Bhuia	"
26. Jago Bhuia	"
27. Hardayal Singh	"
28. Rambrich Bhuia	Miner
29. Ganji Bhuia	Trammer
30. Chhota Jageshwar Bhuia	"
31. Itwari Bhuia	"
32. Jadu Bhuia	Miner
33. Badori Bhuia	Trammer
34. Dahu Bhuia	Miner
35. Udit Bhuian	"
36. Bishun Bhuian	"
37. Jageshwar Bhuian	Trammer
38. Jangi Bhuian	Miner

ANNEXURE 'B'

Name	Designation
1. Santu Koiri	Trammer
2. Rameshwar Bhuia	Miner
3. Sukhlal Bilaspuri	H/Mazdoor
4. Keshar Bhuia	Trammer
5. Parmeshwar Bhuia	"
6. Somar Bhuia	"
7. Sacho Bhuia	"
8. Tulsi Dusadh	"
9. Ruplal Dusadh	"
10. Alijan	"
11. Ali Hussain	"
12. Sukar Bhuiya	"
13. Ramdeo	"
14. Fagoo Turi	"
15. Ghutha Mahato.	"
16. Tupan Bhuia	"
17. Puna Bhuia	"

Name	Designation
18. Chhota Punschu Bhuia	Miner
19. Fekan	"
20. Barho Bhuia	"
21. Basu Bhuia	"
22. Jagdish Bhuia	Trammer
23. Paro Bhuia	Miner
24. Tulsi Bhuia	"
25. Shew Bhajan	"
26. Nanku Ch.	"
27. Basu Bhuia	"
28. Chhota Parmeshwar Bhuia	"
29. Gangu Bhuia	"
30. Gohrai Bhuia Ch.	"
31. Parasadi Bhuia	Line Mistry
32. Dwaki Bhuia	Miner.
33. Munshi Bhuia	"
34. Jadu Bhuia	"
35. Ch. Kali Bhuia	"
36. Gopi Bhuia	"
37. Rameshwar Bhuia	"
38. Kuleshwar Bhuia	"
39. Ch. Jagdish Bhuia	"
40. Bado Bhuia	"
41. Ramkhelwan Bhuia	"
42. Ch. Panchu Bhuia	"
43. Mano Bhuini	Loading Kamin
44. Khagia	"
45. Pano	"
46. Idia	"
47. Kameshwari Pasin	"
48. Phuloo	"
49. Kaleshwari	"
50. Anarwa	"
51. Kabutari Bhuini	"
52. Jagia	"
53. Kapurwa Orang	Hazari Kamin
54. Manoo	L. Kamin
55. Badamia	"
56. Somari	"
57. Ch. Tulsi Bhuia	Loading Cooli
58. Lalji Pasi	"
59. Lakhia	Loading Kamin
60. Sakhi	"
61. Punia	"
62. Baturan	"
63. Ashni	"
64. Kamali	"
65. Barni	"
66. Nageshwar Bhuia	Miner
67. Bisheshwar Bhuia	"
68. Gobind Singh	Line Mistry
69. Kameshwar Singh	Line Cooly
70. Karmu Rewani	Line Mistry
71. Anand Rewani	"
72. Narayan Kahar	P. Khalashi.
73. Nakul Mahato	Hazri Coolie
74. Arjun Gope	Line Cooli
75. Gafoor Mian	Fireman
76. Makun Nampit	Line Coolie
77. Hari Napit	"
78. Bhola Oran	Trammer
79. Kara Marjhi	"
80. Sukhlal -Kamar	Mistry
81. Jiloo Kamar	Mistry
82. Bhutnath Paul	Pump Khalasi
83. Hari Mahoto	Line Coolie

Name	Designations
84. Hari Dhoib	Line Coolie
85. Sonaram Kamar	Line Mistry
86. Bishundhari Bhuia	Miner
87. Ramdhani Bhuia	"
88. Jugeshwar Bhuia	Trammer
89. Jagdish Bhuia	Miner
90. Daras Bhuia	Trammer
91. Chandra Bhuia	Miner
92. Pran Bhuia	"
93. Shiv Bhajan	"
94. Makuk Mahato	Prop. Mazdoor
95. Prabhu Bhuian	Miner
96. Deva Bhuian	"
97. Badri Bhuian	"
98. Ganesh Bhuian	"
99. Pachan Bhuian	"
100. Parmeshwar Bhuian	"
101. Nanku Bhuian 2	"
102. Nanhku Bhuian 3	"
103. Baleshwar Bhuian	Loading Mazdoor
104. Latif Mian 2	Miner
105. Karmu Mahato	"
106. Ali Mohammad Mian	Stone Cutter
107. Kusum Gopin	Kamin
108. Ram Kishan Bhuian	Miner
109. Rameshwar Gope	"
110. Jagashwari Kamin	Loading Kamin
111. Solhrai Bhuian (Bara)	Miner
112. Rampatia Bhuian	Loading Mazdoor.

[No. 2/122/66-L.R. II]

New Delhi, the 9th September 1966

S.O. 2752.—Whereas the Central Government is of opinion that an industrial dispute exists between the employers in relation to the Khas Kusunda Colliery of Messrs Khas Kusunda Coal Company (Private) Limited, Post Office Kusunda, District Dhanbad, and their workmen in respect of the matters specified in the Schedule hereto annexed;

And, whereas the Central Government considers it desirable to refer the said dispute for adjudication;

Now, therefore, in exercise of the powers conferred by clause (d) of sub-section (1) of section 10 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby refers the said dispute for adjudication to the Industrial Tribunal, Dhanbad, constituted under section 7A of the said Act.

SCHEDULE

Whether the workmen, whose names are given in the Annexure below, were refused employment by the management of the Khas Kusunda Colliery of Messrs Khas Kusunda Coal Company (Private) Limited with effect from the 29th June 1965 and from subsequent dates and if so whether the action of the management amounts to victimisation? If so, to what relief are the workmen entitled?

ANNEXURE

Name	Designation	Name	Designation
1. Sri Sukan Das	Miner.	62. Briksha Bhuia	Miner
2. Bhaglu Das	"	63. Tulash Bhuia	"
3. Basudeo Das	"	64. Bihar	"
4. Munsu Das	"	65. Gulabbia Bhuian	"
5. Jagdish Das	"	66. Khedan Bhuian No. II	"
6. Basudeo Das 2	"	67. Kamal	"
7. Nanhku Rai	"	68. Dase (Tejan Bhuian)	"
8. Gulak Rasul	"	69. Garo Bhuian No. 2	"
9. Shiv Narayan Bhuian	"	70. Moti	"
10. Ramdayal Das	"	71. Sadhu Bhuian	"
11. Raghu Chamar	"	72. Biren	"
12. Panchu Chamar	"	73. Biren	"
13. Maheshi Bhuian No. 1	"	74. Kajra Bhuian	"
14. Maheshi 2	"	75. Faudi Bhuian	"
15. Budheshwar Ram	"	76. Sarju Bhuian	"
16. Juman Mian	"	77. Jhari Bhuian No. 2	"
17. Jit Gope	"	78. Gendu Bhuian	"
18. Manku Bhar	"	79. Bifan Bhuian	"
19. Bhutan Bhar	"	80. Tailu Bhuian	"
20. Sundar Bhar	"	(Shiba Bhuian)	"
21. Dasrath Gope	"	81. Prayag Bhuian	"
22. Bachu Bhar	"	82. Budhan Bhuian	"
23. Pagu Barhi	"	83. Deoki Bhuian	"
24. Sahadeo Barhi	"	84. Somar Bhuian No. 2	"
25. Kailu Barhi	"	85. Deoki Bhuian No. 2	"
26. Nanku Barhi 1	"	86. Sukar Bhuian	"
27. Nanku Barhi 2	"	87. Degun Bhuian	"
28. Bindeshwari Ram	"	88. Meghan Bhuian No. 2	"
29. Bhagan Dusadh	"	89. Sarju Bhuian No. 2	"
30. Pagoni Das	"	90. Dukhi Bhuian	"
31. Haru Das	"	91. Shankar Bhuian	"
32. Garo Bhuian	"	(Tshra Bhuian)	"
33. Saukhi Bhuian	"	92. Shahdeo Bhuian	M. Sirdar.
34. Brahmdao Bhuian	"	93. Jhari Bhuian No. 1	Miner
35. Ramchandra Koley	"	94. Meghan Bhuian No. 2	"
36. Jagannath Gope	"	95. Dangra Bhuian No. 1	"
(Ramnath Gope)	"	96. Khedan Bhuian No. 1	"
37. Manjal Koley	"	97. Chakari Bhuian	Working
38. Dinu Koley	"	98. Desrath Bhuian	M. Sirdar.
39. Jitan Koley	"	99. Shyam Lal	Miner
40. Ram Bhagan Harijan	"	100. Hujjar Bhuian	"
(Subhaga Harijan)	"	(Sewali Bhuian No. 1)	"
41. Ram Lagan Harijan	"	101. Kajru Bhuian	"
42. Faudari Rabidas	"	(Hiraman Bhuian)	"
(Ambika Rabidas)	"	102. Amrit Bhuian (Titu Bhuian)	"
43. Tilleshwar Rabidas	"	103. Dobi Bhuian	"
44. Jagannandan Ravidas	"	104. Charna Bhuian	"
45. Bhim Bhuian	"	105. Balki Bhuian	"
46. Arjun Bhuian	"	106. Nema Bhuian No. 2	"
47. Jagdish No. 1	"	107. Tejan Mochi (Dwarka Mochi)	"
48. Rajo Bhuian	"	108. Banshi Bhuian	"
49. Nandlal Bhuian	"	109. Tekan Mochi	"
50. Gokul Bhuian	"	110. Bani Mochi	"
51. Sukhlal	"	111. Pato Mochi	"
52. Janki	"	112. Budhu Mochi	"
53. Munshi	"	113. Bandi Bhuian	"
54. Harkhu	"	114. Nageshar Bhuian	"
55. Ramdhani No. 3	"	115. Niru Bhuian	"
56. Dukhit Bhuian	"	116. Pokhar Bhuian No. 2	"
57. Subhran	"	117. Jhari Bhuian	"
58. Riban	"	118. Mohan Bhuian	"
59. Bura	"	119. Guhi Bhuian	"
60. Nema Bhuian No. 1	"	120. Kailash Bhuian	"
61. Chama Bhuia	"	(Tilak Bhuian)	"

Name	Designation	Name	Designation
121. Bishun Bhuian	Miner	183. Kartik Das.	Miner
122. Sewa Bhuian	"	184. Roshan Kole	"
123. Jogeshwar Bhuian	"	185. Thakuri Kole	"
124. Somar Bhuian	"	186. Ramdhani Bhuiyan	"
125. Bhuneshwar Bhuian No. 1	"	187. Ganga Bhuiyan II	"
126. Bhuttoo Bhuian No. 1.	"	188. Thaman Bhuiyan	Mining Sirdar
127. Khushi Bhuia.	"	189. Gobind Bhuiyan	Miner
128. Sanichar Bhuia	"	190. Moti Bhuiyan	"
129. Bhado Bhuia	"	191. Doman Bhuiyan	"
129-A. Suhadeo Bhuia II	"	192. Bishun Bhuiyan II	"
130. Gobardhan Bhuia II	"	193. Gobardhan Bhuiyan I	"
131. Ramdas Bhuia	"	194. Jagdish Bhuiyan	"
132. Bhuneshwar Bhuia II	"	195. Rewal Bhuiyan	"
133. Charan Bhuia	"	196. Bhikhar, Bhuiyan	"
134. Faguni Bhuia	"	197. Baiju Bhuiyan	"
135. Bhiru Bhuia	"	198. Hiro Bhuia No. 2	"
136. Mangra Bhuia	"	199. Sitaram Bhuiyan	"
137. Hiro Bhuia II.	"	200. Ramkeshwar Bhuiyan	"
138. Ramna Bhuia II	"	201. Kishun Bhuiyan	"
139. Moti Bhuia	"	202. Lachhan Bhuiyan	"
140. Jago Bhuia	"	203. Panchchu Das	"
141. Lita Bhuia	"	204. Sangram Kumhar	"
142. Nunu Bhuia	"	205. Paudar Teli	"
143. Drarika Bhuia (Jagdish)	"	206. Dokta Bhuiyan	"
144. Rameshwar Mochi	"	207. Bishnath Gope	"
145. Nibuth Gope	"	208. Prasadj Bhuiyan	U.G. Trammer (Hookman)
146. Dalsingar Koiri	"	209. Amrit Bhuiyan II	"
147. Brijnath Koiri	"	210. Ram Kishun Gope	"
148. Murat Gope	"	211. Budhan Bhuiyan	"
149. Deonandan Rabidas.	"	212. Dhanu Das	"
150. Sechhoo Koiri	"	213. Janki Bhuiyan	"
151. Mahabir Lohar	"	214. Chhotan Bhuiyan	"
152. Kharbhar Bhar	"	215. Bhagan Bhuiyan	"
153. Ramdhani Gope	"	216. Fagoo Bhuiyan	"
154. Ramlagan Koiri	"	217. Puna Bhuiyan I	"
155. Jogeshwar Bhuiyan	"	218. Rambriksha Bhuiyan	"
156. Ramdhani Bhuian 1	"	219. Budhu Bhuiyan	"
157. Kartik Kol	"	220. Chandeswar Singh	"
158. Pairoo Bhuian	"	221. Sukar Bhuiyan	"
159. Khedan Bhar	"	222. Ramkhelawan Chamar	"
160. Dukhi Bhuiyan	"	223. Karo Singh	"
161. Baldhani Gope	"	224. Ramphal Turi	"
162. Shyam Narayan	"	225. Jaikusun Bhuiyan	"
163. Dasain Gope	"	226. Baijnath Bhuiyan	"
164. Turi Bhar	"	227. Ayub Mian	"
165. Jhari Harijan	"	228. Puna Bhuian II	"
166. Sukhran Gope	"	229. Bhuneswar Chamar	"
167. Muklal Harijan	"	230. Pahlu Turi	"
168. Budhu Gope.	"	231. Kali Turi	"
169. Nanhku Rai.	"	232. Ramdhani Bhuiyan	"
170. Tejo Bhuiyan.	"	233. Durga Bhuiyan	"
171. Bideshi Bhuian	"	234. Ambika Bhuiyan	"
172. Ramdhani Bhuian 2	"	235. Banshi Das	"
173. Banwari Bhuian (Baldeo Bhuian)	"	236. Mahadeo Bhuian (Ramesh Bhuian)	Surface Trammer
174. Balgobind Bhuian	"	237. Sukhdeo Bhuiyan	"
175. Budhu Bhuiyan	"	238. Raja Ram	"
176. Hardayal Bhuian	"	239. Banshi Bhuiyan	"
177. Chhathhu Bhuian	"	240. Charan Bhuiyan	"
178. Haril Bhuian (Bhadi Bhuian)	"	241. Sarban, Bhuiyan	"
179. Prasadi Bhuiyan	"	242. Ramdhani Bhuiyan	"
180. Nepali Bhuian	"	243. Sukhdeo Mahato	"
181. Mangal Das	"	244. Mahabir Bhuian	"
182. Munshi Das	"	245. Ragho Kahar	"

Name	Designation	Name	Designation
246. Shama Bhuiyan	Surface	285. Sugia Bhuini	Kamin
247. Munesar Bhuiyan	Trammer	286. Pabla Bhuini	"
248. Chandu Bhuiyan	"	287. Jaswa Bhuini	"
249. Balgobind Bhuiyan	"	288. Dhaneshwari	"
250. Dhanu Bhuiyan	"	289. Jodharam	Bailing Mazdoor
251. Mouji Bhuiyan	"	290. Gayaram	"
252. Ramnandan Das	"	291. Moti Rewani	Line Mistry.
253. Bairagi Bhuiyan	"	292. Mangal Bhuia	Gl. Mazdoor
254. Gurucharan Bhuyan	"	293. Jawadali Mian	Fireman
255. Bihari Bhuiyan	"	294. Jithoo Bhuian	Gl. Mazdoor
256. Babulal Bhuiyan	"	295. Hiranman Kahar	"
257. Shamlal Das	"	296. Chhotelala Gope	Garden Mazdoor
258. Jagdish Das	"		H. E. Khalasi
259. Gopal Bhuian	"	297. Ramdhani Nonia	"
260. Kashi Bhuiyan II	"	298. Basir Mian	"
261. Masudan Bhuiyan	Kamin	299. Kutub Ali	"
262. Punia Bhuini	"	300. Mahabir Chamar	"
263. Jethni Bhuiyan	Surface	301. Doman Mian	"
264. Prayag Bhuiyan I	Trammer	302. Jabid Ali	"
265. Tilal Bhuiyan	"	303. Asraf Mian	Fireman
266. Mainwa Kamin	Kamin	304. Chaman Rewani	Pump
267. Fulia Kamin			Khalasi
268. Budhan Bhuiyan	Surface Trammer	305. Farid Mian	Bailing Mazdoor
269. Prayag Bhuiyan II	"	306. Sahjad Mian	"
270. Bideshi Bhuiyan	"	307. Karim Mian	"
271. Daro Bhuiyan	"	308. Hari Napit	"
272. Lachho Bhuiyan	"	309. Mukunda Das	"
273. Bhuneshwar Mahato	"	310. Tulsi Rewani	"
274. Badri Bhuiyan	"	311. Nasir Mian	"
275. Nagwa Bhuiyan	"	312. Baneswar Rewani	Line Mistry
276. Gobardhan Bhuiyan	"	313. Monan Barman	Line Mazdoor.
277. Jethan	"		"
278. Rza Ram Bhuiyan	"	314. Dasai Mahato	"
279. Babulal Bhuiyan II	"	315. Shankar Mahato	"
280. Nankwa Kamin	Kamin	316. Rambilash Nonia	"
281. Chhotan Bhuiya (Ch.)	Surface Trammer	317. Jethu Bhuiya	Bailing Mazdoor
282. Chandeshar Bhuiya	"	318. Amrit Bhuiya	Tractor Kh-
283. Bandhja Bhuini	Kamin		
284. Tilu Bhuiya	Surface Trammer		

[No. 2/121/66-LRII.]

S.O. 2753.—Whereas the Central Government is of opinion that an industrial dispute exists between the employers in relation to the Bhowra Colliery, Post Office Bhowra, District Dhanbad, and their workmen in respect of the matter specified in the Schedule hereto annexed;

And, whereas the Central Government considers it desirable to refer the said dispute for adjudication;

Now, therefore, in exercise of the powers conferred by clause (d) of sub-section (1) of section 10 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby refers the said dispute for adjudication of the Industrial Tribunal, Dhanbad, constituted under section 7A of the said Act.

SCHEDULE

Whether the action of the management of the Bhowra Colliery in stopping the work of Shri Ramdhan Passi, Pick Miner, 10 Seam, Parsiabab, during the period from the 3rd July 1965 to the 23rd August 1965 was justified? If not, to what relief is the workman entitled?

[No. 2/108/66-LRII.]

S.O. 2754.—Whereas the Central Government is of opinion that an industrial dispute exists between the employers in relation to the management of **Lapso Kyanite Mine** of Messrs Indian Copper Corporation Limited, Khatsila and their workmen in respect of the matters specified in the Schedule hereto annexed;

And whereas the Central Government considers it desirable to refer the said dispute for adjudication;

Now, therefore, in exercise of the powers conferred by clause (d) of sub-section (1) of section 10 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby refers the said dispute for adjudication to the Industrial Tribunal, Dhanbad, constituted under section 7A of the said Act.

SCHEDULE

Whether the action of the management of the **Lapso Kyanite Mine** of Messrs Indian Copper Corporation Limited, Post Office, Ghatsila, in dismissing 8 workmen as per list given below from service with effect from the 2nd June, 1966 amounts to an act of victimisation? If so, to what relief are the workmen entitled?

List of Workmen

1. Sri Moti Singh—B. No. 1469.
2. Smt. Birang—B. No. 1090.
3. Smt. Chandmoni—B. No. 1108.
4. Sri Sukra—B. No. 580.
5. Sri Songaram—B. No. 2101.
6. Sri Raghu—B. No. 675.
7. Sri Tanko—B. No. 1480.
8. Sri Gopi—B. No. 1007.

[No. 24/36/66-L.R.I.]

H. C. MANGHANI, Under Secy.

(Department of Labour and Employment)

New Delhi, the 6th September 1966

S.O. 2755.—The following draft of a Scheme further to amend the Madras Dock Workers (Regulation of Employment) Scheme, 1956, which the Central Government proposes to make in exercise of the powers conferred by sub-section (1) of section 4 of the Dock Workers (Regulation of Employment) Act, 1948, (9 of 1948), is published as required by the said sub-section for the information of all persons likely to be affected thereby; and notice is hereby given that the said draft will be taken into consideration on or after the 15th October 1966.

Any objections or suggestions which may be received from any person with respect to the said draft before the date so specified will be taken into consideration by the Central Government.

Draft Scheme

1. This Scheme may be called the Madras Dock Workers (Regulation of Employment) Amendment Scheme, 1966.

2. In the Madras Dock Workers (Regulation of Employment) Scheme, 1956,

(1) in sub-clause (1) of clause 9,

(i) the word “and” appearing at the end of item (g) shall be omitted ;

(ii) after item (g), the following item shall be inserted, namely ;—

“(gg) to fill an unexpected vacancy in the post of Deputy Chairman for a period of less than one month and report such matter to Central Government for approval ; and”

(2) in sub-clause (2) of clause 9, the brackets and letter “(1)” shall be omitted.

[No. 625/3/66-Fac. I]

S.O. 2756.—The following draft of a Scheme further to amend the Cochin Dock Worker (Regulation of Employment) Scheme, 1959, which the Central Government proposes to make in exercise of the powers conferred by sub-section (1) of section 4 of the Dock Workers (Regulation of Employment) Act, 1948 (9 of 1948), is published, as required by the said sub-section for the information of all persons likely to be affected thereby; and notice is hereby given that the said draft will be taken into consideration on or after the 15th October 1966.

Any objections or suggestions which may be received from any person with respect to the said draft before the date so specified will be taken into consideration by the Central Government.

Draft Scheme 7

1. This Scheme may be called the Cochin Dock Workers (Regulation of Employment) Amendment Scheme, 1966.

2. In the Cochin Dock Workers (Regulation of Employment) Scheme, 1959,

(I) in sub-clause (I) of clause 9,

(i) the word "and" appearing at the end of item (q) shall be omitted ;

(ii) after item (q), the following item shall be inserted, namely :—

“(gg) to fill an unexpected vacancy in the post of Deputy Chairman for a period of less than one month and report such matter to Central Government for approval ; and”

(2) in sub-clause (2) of clause 9, the brackets and letter “(1)” shall be omitted.

[No. 625/3/66-Fac. 2]

S.O. 2757.—The following draft of a Scheme further to amend the Vizagapatam Dock Workers (Regulation of Employment) Scheme, 1959, which the Central Government proposes to mark in exercise of the powers conferred by sub-section (1) of section 4 of the Dock Workers (Regulation of Employment) Act, 1948 (9 of 1948), is published as required by the said sub-section for the information of all persons likely to be affected thereby; and notice is hereby given that the said draft will be taken into consideration on or after the 15th October 1966.

Any objections or suggestions which may be received from any person with respect to the said draft before the date so specified will be taken into consideration by the Central Government.

Draft Scheme

1. This Scheme may be called the Vizagapatam Dock Workers (Regulation of Employment) Amendment Scheme, 1966.

2. In the Vizagapatam Dock Workers (Regulation of Employment) Scheme, 1959,

(I) in sub-clause (1) of clause 9,

(i) the word "and" appearing at the end of item (q) shall be omitted.

(ii) after item (g), the following item shall be inserted ; namely :—

“(qq) to fill an unexpected vacancy in the post of Deputy Chairman for a period of less than one month and report such matter to Central Government for approval ; and”

(2) in sub-clause (2) of clause 9, the brackets and letter “(1)” shall be omitted.

[No. 625/3/66-Fac. 3]

New Delhi, the 9th September 1966

S.O. 2758.—The following draft of a scheme further to amend the Bombay Dock Workers (Regulation of Employment) Scheme, 1956, which the Central Government proposes to make in exercise of the powers conferred by sub-section (1) of section 4 of the Dock Workers (Regulation of Employment) Act, 1948, (9 of 1948), is published as required by the said sub-section for the information of all persons likely to be affected thereby; and notice is hereby given that the said draft will be taken into consideration on or after the 5th October, 1966.

Any objections or suggestions which may be received from any person with respect to the said draft before the date so specified will be taken into consideration by the Central Government.

Draft Scheme

1. This Scheme may be called the Bombay Dock Workers (Regulation of Employment) Amendment Scheme, 1966.

2. In the Bombay Dock Workers (Regulation of Employment) Scheme, 1956, (hereinafter referred to as the said Scheme), in clause 6, in the first proviso, for the words "rupees six hundred and above", the words "rupees eight hundred and above" shall be substituted.

3. In clause (8) of the said Scheme, in item (1) for the words, letters and figures "not less than Rs. 300", the words "upto rupees eight hundred" shall be substituted.

4. In clause 9 of the said scheme, in item (j) for the words, letters and figures "below Rs. 300/-", the words "upto rupees six hundred" shall be substituted.

5. In clause 11 of the said Scheme, in the proviso to item (g) for the words, letters and figures "not less than Rs. 250/-", the words "upto rupees five hundred" shall be substituted.

[No. 528/172/65-Fac-2.]

S.O. 2759.—The following draft of a scheme further to amend the Madras Dock Workers (Regulation of Employment) Scheme, 1956, which the Central Government proposes to make in exercise of the powers conferred by sub-section (1) of section 4 of the Dock Workers (Regulation of Employment) Act, 1948 (9 of 1948), is published as required by the said sub-section for the information of all persons likely to be affected thereby; and notice is hereby given that the said draft will be taken into consideration on or after the 5th October, 1966.

Any objections or suggestions which may be received from any person with respect to the said draft before the date so specified will be taken into consideration by the Central Government.

Draft Scheme

1. This Scheme may be called the Madras Dock Workers (Regulation of Employment) Amendment Scheme, 1966.

2. In the Madras Dock Workers (Regulation of Employment) Scheme, 1956, (hereinafter referred to as the said Scheme), in clause 6, in the first proviso, for the words "rupees six hundred and above", the words "rupees eight hundred and above" shall be substituted.

3. In clause (8) of the said Scheme, in item (1) for the words, letters and figures "not less than Rs. 300", the words "upto rupees eight hundred" shall be substituted.

4. In clause 9 of the said scheme, in item (j) for the word, letters and figures "below Rs. 300/-", the words "upto rupees six hundred" shall be substituted.

5. In clause 11 of the said Scheme, in the proviso to item (g) for the words, letters and figures "not less than Rs. 250/-", the words "upto rupees three hundred" shall be substituted.

[No. 528/172/65-Fac-3.]

S.O. 2760.—The following draft of a scheme further to amend the Cochin Dock Workers (Regulation of Employment) Scheme, 1959, which the Central Government proposes to make in exercise of the powers conferred by sub-section (1) of section 4 of the Dock Workers (Regulation of Employment) Act, 1948 (9 of 1948), is published as required by the said sub-section for the information of all persons likely to be affected thereby; and notice is hereby given that the said draft will be taken into consideration on or after the 5th October 1966.

Any objections or suggestions which may be received from any person with respect to the said draft before the date so specified will be taken into consideration by the Central Government.

Draft Scheme

1. This Scheme may be called the Cochin Dock Workers (Regulation of Employment) Amendment Scheme, 1966.

2. In the Cochin Dock Workers (Regulation of Employment) Scheme, 1959 (hereinafter referred to as the said Scheme), in clause 6, in the first proviso, for the words "rupees six hundred and above", the words "rupees eight hundred and above" shall be substituted.

3. In clause 8 of the said Scheme, in item (i), for the words, letters and figures "not less than Rs. 300", the words "upto rupees eight hundred" shall be substituted.

4. In clause 9 of the said Scheme, in item (j), for the word, letters and figures "below Rs. 300", the words "upto rupees six hundred" shall be substituted.

5. In clause 11 of the said Scheme, in the proviso to item (g), for the words, letters and figures "not less than Rs. 250", the words "upto rupees 300" shall be substituted.

[No. 528/172/65-Fac.-4.]

S.O. 2761.—The following draft of a scheme further to amend the Vizagapatam Dock Workers (Regulation of Employment) Scheme, 1959, which the Central Government proposes to make in exercise of the powers conferred by sub-section (1) of section 4 of the Dock Workers (Regulation of Employment) Act, 1948 (9 of 1948), is published as required by the said sub-section for the information of all persons likely to be affected thereby; and notice is hereby given that the said draft will be taken into consideration on or after the 5th October, 1966.

Any objections or suggestions which may be received from any person with respect to the said draft before the date so specified will be taken into consideration by the Central Government.

Draft Scheme

1. This Scheme may be called the Vizagapatam Dock Workers (Regulation of Employment) Amendment Scheme, 1966.

2. In the Vizagapatam Dock Workers (Regulation of Employment) Scheme, 1959 (hereinafter referred to as the said Scheme), in clause 6, in the first proviso, for the words "rupees six hundred and above", the words "rupees eight hundred and above" shall be substituted.

3. In clause 8 of the said Scheme, in item (i), for the words, letters and figures "not less than Rs. 250", the words "upto rupees eight hundred" shall be substituted.

4. In clause 9 of the said Scheme, in item (j), for the word, letters and figures "below Rs. 250", the words "upto rupees six hundred" shall be substituted.

5. In clause 11 of the said Scheme, in the proviso to item (g), for the words, letters and figures "not less than Rs. 250", the words "upto rupees three hundred" shall be substituted.

[No. 528/172/65-Fac.-5.]

S.O. 2762.—The following draft of a scheme further to amend the Mormugao Dock Workers (Regulation of Employment) Scheme, 1965, which the Central Government proposes to make in exercise of the powers conferred by sub-section (1) of section 4 of the Dock Workers (Regulation of Employment) Act, 1948 (9 of 1948), is published as required by the said sub-section for the information of all persons likely to be affected thereby; and notice is hereby given that the said draft will be taken into consideration on or after the 5th October 1966.

Any objections or suggestions which may be received from any person with respect to the said draft before the date so specified will be taken into consideration by the Central Government.

Draft Scheme

1. This Scheme may be called the Mormugao Dock Workers (Regulation of Employment) Amendment Scheme, 1966.

2. In the Mormugao Dock Workers (Regulation of Employment) Scheme, 1965, (hereinafter referred to as the said Scheme), in clause 6, in the first proviso, for the words "rupees six hundred and above", the words "rupees eight hundred and above" shall be substituted.

3. In clause 8 of the said Scheme, in item (1), for the words and figures "upto rupees 600", the words "upto rupees eight hundred" shall be substituted.

4. In clause 10 of the said Scheme, in item (i), for the words and figures, "upto rupees 400" in both the places they occur, the words "upto rupees six hundred" shall be substituted.

[No. 528/172/65-Fac.-6.]

S.O. 2763.—The following draft of a scheme further to amend the Calcutta Dock Workers (Regulation of Employment) Scheme, 1956, which the Central Government proposes to make in exercise of the powers conferred by sub-section (1) of section 4 of the Dock Workers (Regulation of Employment) Act, 1948 (9 of 1948), is published as required by the said sub-section for the information of all persons likely to be affected thereby; and notice is hereby given that the said draft will be taken into consideration on or after the 5th October, 1966.

Any objections or suggestions which may be received from any person with respect to the said draft before the date so specified will be taken into consideration by the Central Government.

Draft Scheme

1. This Scheme may be called the Calcutta Dock Workers (Regulation of Employment) Amendment Scheme, 1966.

2. In the Calcutta Dock Workers (Regulation of Employment) Scheme, 1956 (hereinafter referred to as the said Scheme), in clause 6, in the first proviso, for the words "rupees six hundred and above", the words "rupees eight hundred and above" shall be substituted.

3. In clause 8 of the said Scheme, in item (1) for the words, letters and figures "not less than Rs. 300", the words "upto rupees eight hundred" shall be substituted.

4. In clause 9 of the said Scheme, in item (j) for the word, letters and figures "below Rs. 300", the words "upto rupees six hundred" shall be substituted.

5. In clause 11 of the said Scheme, in the proviso to item (g) for the words, letters and figures "not less than Rs. 250", the words "upto rupees five hundred" shall be substituted.

[No. 528/172/65-Fac-1.]

K. D. HAJELA, Under Secy.

(Department of Labour and Employment)

New Delhi, the 7th September 1966

S.O. 2764.—In pursuance of section 17 of the Industrial Dispute Act, 1947 (14 of 1947), the Central Government hereby publishes the following award of the Industrial Tribunal, Calcutta in the industrial dispute between Howrah—Amta Light Railway Company Limited and Howrah—Sheakhala Light Railway Company Limited and their workmen which was received by the Central Government on the 30th August, 1966.

In the matter of an industrial dispute between the Howrah-Amta Light Railway Company Limited and Howrah-Sheakhala Light Railway Company Limited, and the workmen of the Howrah-Amta Light Railway Company Limited and Howrah Sheakhala Light Railway Company Limited, represented by the President of the Light Railways Employees' Union, Howrah Maidan, Railway Station, Howrah.

CASE NO. 1 OF 1965

BEFORE THE CENTRAL GOVERNMENT INDUSTRIAL TRIBUNAL,
CALCUTTA

PRESENT:

Shri P. Basu, Bar-At-Law, Judge.

PARTIES:

Howrah-Amta Light Railway Company Limited and Howrah-Sheakhala
Light Railway Company Limited, Calcutta,

AND

The workman of the Howrah-Amta Light Railway Company Limited and
Howrah Sheakhala Light Railway Company Limited, represented by
the President of the Light Railways Employees Union, Howrah Maidan,
Railway Station, Howrah.

APPEARANCES:

For the Management—Shri P. P. Ginwalla, Counsel, with Shri Arijit Choudhury, Counsel, and Shri D. Gupta, of M/s. Sandersons & Morgans, Solicitors.

For the Workmen—Shri S. K. Acharya, Counsel, with Shri P. Pathak,

AWARD

The Government of India, Ministry of Labour & Employment, by Order No. 2/18/65/LRIV, dated New Delhi, the 28th October, 1965, had constituted me an industrial Tribunal under section 7A, read with section 10(2) of the Industrial Disputes Act, for adjudication of the industrial disputes between the Howrah-Amta Light Railway Company Limited and Howrah-Sheakhala Light Railway Company Limited (hereinafter referred to as the 'Management'), and the workmen of the Howrah-Amta Light Railway Company Limited and Howrah-Sheakhala Light Railway Company Limited represented by the President of the Light Railways Employees' Union, Howrah Maidan, Railway Station, Howrah (hereinafter referred to as the 'Union'). It would appear that the management and the employees had jointly applied to the Central Government under section 10(2) of the Industrial Disputes Act for reference to a tribunal, and that the Central Government, had made the reference accordingly.

SCHEDULE

- (i) Whether the Award of Sri G. Palit in Reference No. 68 of 1959 has been validly terminated;
- (ii) If so, what should be scales of pay and dearness allowance of all categories of workmen from 1st September, 1965.

After the service of the usual notice, the Union had put in the written statement at first as directed, and thereafter, the management had put in the written statement.

In the written statement submitted on behalf of the union, it is said that the two light railways are known as Martin's Light Railway which is a part of Martin Burn & Co., and that the present reference covers all the workmen of the two railways numbering about 1300 but does not include the employees of the Company's head office. There are actually 5 railways including the two railways under reference which are managed by Martin Burn & Co., and they are—

- (1) Howrah-Amta Light Railways;
- (2) Howrah Sheakhala Light Railways;
- (3) Arrah Sasaram Light Railways;
- (4) Patwa Islampore Light Railways; and
- (5) Sahdra Saharanpur Light Railways.

The total mileage covered by all these five railways is less than 300, of which 70 miles are covered by the two railways mentioned in the order of reference. The other Light Railways are Dehri-Rohtas Light Railways, the Light Railways under Mcleod & Co. Ltd., and Light Railways under the Northern Frontier Railways, which were formerly known as the Darjeeling Himalayan Railways. Out of these railways, the volume of passenger traffic and goods traffic of the Martin Light Railways, are much higher than the others, and the two light railways mentioned in the order of reference, carry the major part of the traffic handled by the Martin Railways. Though there is a single line, the two railways under reference run as many as 82 passenger trains, and a number of goods train in a day. It is further stated that though the employees of these railways are governed by the general and subsidiary rules as applicable to the State Railways, they are deprived of the benefits of the grades, scales, dearness allowance etc., and also working hours as enjoyed by the State Railways. Previously, by reference No. 68 of 1959, the Central Government had referred certain disputes including the dispute as to Dearness Allowance to the Central Government Industrial Tribunal, and an award was passed. Subsequently, on or about 1st January, 1962, the management stopped payment of Dearness Allowance as awarded by the said tribunal on the plea that the award had been terminated by due notice. A dispute was raised by the union in the office of the Regional Labour Commissioner, Calcutta, and during the pendency of the conciliation, Sri K. L. Roy, who is one of the leading members of the union, had been arbitrarily removed from the service. Accordingly, the union had served a notice of strike on 21st April, 1965 which was due to commence on 6th May, 1965. Thereafter,

there was a fresh conciliation in which the question of validity or otherwise of the pretended notice of termination, was discussed. At that time, it was felt that the grades and scales of pay which were in vogue should be revised and the strike should be called off. There was an agreement on 14th May, 1965, and it was, *inter alia*, provided in that agreement between the parties, that the issues under reference should be referred for adjudication under section 10(2) of the Industrial Disputes Act. After referring to the provisions in the award made by Shri G. Palit, it is said that if the award had been continued, the employees would have received much higher Dearness Allowance, than what is being paid to them now. With regard to the question of termination of the award by Shri G. Palit, it is said that the documents are in the possession of the management, and therefore, the union cannot make any statement regarding the same. If the tribunal holds that the award of Shri G. Palit, had not been validly terminated, then the employees would be entitled to higher Dearness Allowance, and if the tribunal holds that the award has been validly terminated, then the workmen of all categories would be entitled to a revised pay and Dearness Allowance with effect from 1st September, 1965. It is further stated that though there had been earlier adjudications on these issues, it was not considered that the workmen were employees of railways. It is also stated that the employees of the railways are governed by the recommendations of the Pay Commission Awards, popularly known as the Second Pay Commission with revision from time to time, that the recommendations with regard to the pay scales etc., of the Second Pay Commission was made effective from 1st July, 1959, that the employees of Dehri-Rohtas Light Railways and the Light Railways of Messrs McLeod & Co. Ltd., enjoy the benefits of the recommendations with revision from time to time in entirety and that the General Manager and Officers draw higher salary compared to those in the State Railways. As compared to the railway employees, the employees of these two light railways do not get any pension and are to remain satisfied with the meagre amount which they get by way gratuity. With regard to provident fund, it is said that the Government employees, the employees of the railways and the employees of these two light railways, are entitled to provident fund. If the fact that the employees of the two light railways do not get any pension is taken into consideration, then the scales of pay and Dearness Allowance would be much higher than the scales recommended by the Second Pay Commission. Lastly, it is said that the question of fixation and fitting in after the introduction of the grades and scales of pay had all along been over-looked.

Before I proceed to discuss the submissions made in regard to issue No. 2, I would point out that the learned Counsel Shri S. K. Acharya, who had appeared with Shri P. Pathak for the Union, had conceded on 23rd May, 1966 that the award of Shri Palit had been validly terminated and that he will not press issue No. 1.

With regard to issue No. 2, it is submitted that the scales of pay, as recommended by the Second Pay Commission as revised from time to time, should be extended to the employees of these two light railways with the provision of fixation and fitting in as laid down in the said recommendation. There are also some categories of employees which are not to be found in the other railways, and their wage scales should be fixed after taking into account the nature of job and responsibility. With regard to the Dearness Allowance, it is said that the existing scale of Dearness Allowance is as under:

	Rs.
Pay not exceeding Rs. 35	.. 47
Pay exceeding Rs. 35, but not exceeding Rs. 50	.. 52
Pay exceeding Rs. 50 but not exceeding Rs. 100	.. 57
Pay exceeding Rs. 100 but not exceeding Rs. 150	.. 62
Pay exceeding Rs. 150 but not exceeding Rs. 200	.. 67
Pay exceeding Rs. 200 but not exceeding Rs. 260	.. 72

These scales of Dearness Allowance had been fixed on ad-hoc basis, and according to the Palit award, the present rate of D.A. will work out to about Rs. 63 per month. In that award, there was a provision for adjustment with regard to cost of living index, but the scheme was based on the then obtaining Dearness Allowance which was far below the reasonable one. Even with regard to D.A., the employees of the Company's head office enjoy D.A. as per the Bengal Chamber of Commerce and Industry Scheme which is much higher, and a number of employees in the line also get the D.A. according to that Scheme. The union has submitted that the D.A. as per recommendations of the Pay Commission, or D.A. under the Bengal Chamber of Commerce and Industry Scheme, whichever is higher, should be extended to the workmen under reference. Lastly, it is said

that the two railways have the capacity to pay fair wages or wages in terms of the recommendation of the Second Pay Commission and that since the Palit Award, the passenger and goods fare has been increased by the Company.

In the written statement submitted on behalf of the management, it is said that the Martin Burn & Co. are managing agents of the two railways in question, that the head office or central office is situated at 9, Lal Bazar Street, Calcutta and known by the name of Martin Railways Head Office, and that the total number of workmen employed on the two railways, is 1,378. It is further stated that the Martin Burn & Co. is the managing agents of all the 5 railways, each being a separate public company, having its common central or head office and that the mileage covered by the 5 railways are as under:

1. Howrah-Amta Light Railways	..	85.9 Kms.
2. Howrah-Sheakhala Light Railway	..	21.0 Kms.
3. Arrah-Sasaram Light Railway	..	114.5 Kms.
4. Futwah-slampur Light Railway	..	47.1 Kms.
5. Shahdara (Delhi)-Saharanpur Lt. Rly.	..	172.9 Kms.

The employer had disputed about the existence of the other light railways and also regarding the volume of traffic handled by the different light railways and had said that the rules for train working as laid down by the Ministry of Railways, Government of India, had been made applicable to these two light railways to ensure safety of traveling public. The workmen of the railways are, however, not entitled to the grades or scales or dearness allowance or the working hours applicable to the railways of the Government of India. With regard to the question of termination of the award by Shri Palit, it is said that the management had terminated the award by their letter No. E/168/HA/II, dated 28th April, 1961 addressed to the President, Light Railways Employees' Union, a copy of which was endorsed to the Regional Labour Commissioner, Calcutta. After the termination of the award of Shri Palit, the railways have been paying dearness allowance in terms of agreement entered into from time to time between the management and the employees. By the agreement dated 3rd October, 1962, the D.F.A. (Dear Food Allowance) was raised by Rs. 3 for all employees with effect from 1st September, 1962.

The following revised scales of D.F.A. was agreed to pay:

	Rs.
Pay not exceeding Rs. 35	.. 43
Pay exceeding Rs. 35 but not exceeding Rs. 50	.. 48
Pay exceeding Rs. 50 but not exceeding Rs. 100	.. 53
Pay exceeding Rs. 100 but not exceeding Rs. 150	.. 58
Pay exceeding Rs. 150 but not exceeding Rs. 200	.. 63
Pay exceeding Rs. 200 but not exceeding Rs. 260	.. 68

The agreement mentioned above was in force for a period of 3 years from the 1st September, 1962. There was proviso that the position would be reviewed by the railways earlier if any subsidy was received from the Government. Subsequently on 4th August, 1964, there was an agreement by which the D.A. admissible under the agreement dated 3rd October, 1962 was to be revised and raised to the amount payable under the Palit award based on the average of the monthly cost of living indices for the year 1963. This arrangement came into force with effect from 1st August, 1964 and was to remain effective up to 31st August, 1965. The management does not dispute that the union had raised an industrial dispute in the office of the Regional Labour Commissioner, Calcutta, but denies the other allegations of the employees. The management further does not dispute that the union served the strike notice on 21st April, 1965 but denies the other allegations of the union. It is, however, said that the conciliation proceeding was held by the Regional Labour Commissioner, Calcutta on 3rd May 1965, 8th May 1965, 11th May 1965 and 14th May 1965, and in terms of the settlement arrived at, it was agreed that a joint reference should be made to the Tribunal for settlement of the disputes. It is further alleged that the Palit award had been validly terminated, that the circumstances do not permit any revision of pay scale and D.A., that the light railways are not comparable in any way with the State Railways or with the Dehri-Rohtas Light Railways, or with the light railways of McLeod & Co. Ltd., or with any other railways and that in the award passed by the tribunal presided over by Shri Das Gupta, it was held that the union's demand for payment according to the recommendation of the Pay Commission Report, is not justified. With regard to railways under McLeod & Co., it is said that they are subsidised by the State Government, and the two light railways under reference receive no subsidy. With regard to the Dohri Rohtas Light Railways, it is said that it has a guaranteed goods traffic and hence

a guaranteed income and it is operated for the other subsidiary companies of the same management. The management denies that the employees of these two light railways enjoy benefit of the recommendation of the Pay Commission. It is, however, admitted that there is no pension scheme for the employees of these two light railways, and that the employees only enjoy the benefits of provident. It is further denied that the amount received by the employees as gratuity is meagre. The union's demand for extension of scales of pay as recommended by the Second Pay Commission and as revised from time to time with the provision of fixation and fitting in, cannot be allowed. With regard to certain categories of workmen, which are not in existence in other railways, it is said that in the absence of particulars, the railways are unable to answer the allegations. With regard to the question of amount of D.A. prevalent, the allegations are not disputed, but it is said that the D.A. to some extent neutralise the cost of living indices, as the same are wholly based on the Palit award for the period from August, 1964 to December, 1964 and partly on the basis of that award for the year 1965. As per Palit award, the present D.A. will work out to Rs. 51 being the minimum in the year 1965 and not Rs. 63 as stated by the union. With regard to the D.A. paid to the head office staff, it is said that the condition of service of the head office staff is different from that of the line staff of these railways, and therefore, the question of paying the same rate of D.A. as received by the head office staff to the line staff does not arise. The workmen are also not entitled to get the D.A. in accordance with the Bengal Chamber of Commerce and Industry Scheme. Lastly, it is said that the two railways have not the capacity to pay wages in terms of the recommendation of the Second Pay Commission. There is, however, no specific denial that since the Palit award, the passenger and goods fare had been increased by the two railways.

Decision

With regard to issue No. 1, I have already mentioned earlier that the learned Counsel Shri S. K. Acharya appearing for the union, had conceded that the award of Shri G. Palit in reference No. 68 of 1959, had been validly terminated by the management by giving the notice dated the 28th April, 1961. Unfortunately, this notice had not been produced and marked exhibit of admission. Therefore, it is not possible for me to say when actually the notice was received by the President and when the period of 2 months mentioned in section 19(6) of the Industrial Disputes Act, had expired. Presumably it expired sometime about the end of June, or beginning of July 1961. The position, therefore, is that the award of Shri Palit had been validly terminated sometime in 1961. Now, it appears from the ruling reported in 1964 (I) L.L.J., 19, S.C. (South Indian Bank v. Chacko) that it has been held by their Lordships of the Supreme Court that there is a difference between an award being in operation, and an award binding on the parties, that even after the expiry of the period of operation of an award, it continues to be binding on parties until a notice has been given by one of the parties of the intention to terminate it, and two months have elapsed from the date of such notice, and that even after the award had ceased to be in operation, or in force and ceased to be binding on the parties under section 19(6) of the Industrial Disputes Act, it will continue to have effect as a contract between the parties which has been made by industrial adjudication in place of the old contract, till it is displaced by another contract. Therefore, in spite of the termination of the award of Shri Palit, it will continue to have effect as a contract between the parties, that has been made by industrial adjudication unless it is displaced by another contract made by industrial adjudication. The issue No. 1, in the circumstances, is decided in favour of the management.

I shall now turn to discuss issue No. 2. Before I enter into the discussion of the facts and circumstances of the case, I shall refer to the rulings to which my attention has been drawn by the learned Counsels appearing for the parties. In the case reported in 1951 (II) L.L.J., 314 (Buckingham & Carnatic Co. Ltd., v. its workmen), it has been held that for each category of workers—skilled or unskilled—the minimum wage is to be fixed regard being had to the several factors, such as,

- (i) productivity of labour;
- (ii) prevalent rates of wages in same or similar occupation in the same or neighbouring localities;
- (iii) the liability of national income and its distribution, and
- (iv) the place of the industry in the economy of the country.

It was further held that an industrial worker must have not only the bare subsistence of life, but also for the preservation of his efficiency as a worker, he

must have means to provide for a certain measure of education, medical requirements and amenities, and that this is the minimum which he must have, irrespective of the capacity of the industry or the employer to pay. In the case reported in AIR, 1959 S.C., 676=1959(I) L.L.J. 431 (Lipton Ltd., v. their employees), it has been held by their Lordships of the Supreme Court that in so far as the bare minimum wage is concerned, no industry has right to exist unless it is able to pay its workmen at least the bare minimum wage; in other words, minimum wage is the first charge of the industry. It was also observed that in ALR, 1958 S.C., 578=1961(I) L.L.J., 339 (Express Newspapers (P) Ltd., vs. Union of India) the three concepts of minimum wage, fair wage and living wage have been examined, and it has been pointed out that the content of these expressions is not fixed or static and that it varies and is bound to vary from time to time. It was also observed that for payment of fair wage as for a living wage, the financial capacity of the industry is undoubtedly relevant consideration, that the capacity to pay is to be considered on an industry-cum-region basis after taking a fair cross section of the industry, and after taking into account the elasticity of the demand for product, the possibility of tightening up the organisation so that the industry could pay higher wage without difficulty and the possibility of increase in efficiency of the lowest paid worker resulting in increase in production and the possibility of the increased burden driving the employer out of business and that the trading results over a period of years must be considered in determining the financial capacity to bear the burden of wage increase and that it cannot be said that the fair wage must inevitably be postponed till a fair return on capital is obtained, and that the wages are fixed on a long term basis and depend on the cost of living and needs of workmen. In the case reported in A.I.R., 1964 S.C., 728=1964(I) L.L.J., 380 (Workmen of Balmer Lawrie Co. v. Balmer Lawrie Co. Ltd.), it has been laid down that the wage scales are revised and wage structures constructed as matters of long term policy and so, industrial adjudication would naturally be reluctant to interfere with the wage structure without jurisdiction or in a light-hearted manner, that when wage structure is framed, all relevant factors are taken into account and normally it should remain in operation for a fairly long period, that the technical rules like *res-judicata* are not applicable, that the plea of the workmen that there had been rise in the cost of living and therefore the wage must be revised, in spite of the adoption of the Bengal Chamber of Commerce formula for D.A., must be carefully examined, unless the tribunal thinks that that formula gave nearly complete neutralisation against the rise in the cost of living and that the increase in the paying capacity of the employer is to be considered also, and that in deciding the question of comparable concerns, the industrial adjudication does not usually rely on oral evidence alone, that the material facts and circumstances are generally proved by documentary evidence and that the total capital invested, the extent of business, the quantum of profits, the quantum of dividends paid, the number of employees, the standing of the concern in the industry and other matters, are to be carefully considered before ordering an increase in the wage. Regarding the wage scales and D.A., reference may also be made to the ruling reported in A.I.R., 1963 S.C., 1327=1962(II) L.L.J., 744 (French Motor Car Co. Ltd., v. its workmen. The following principles have been laid down:

- (1) where there has been large increase in the cost of living since wage scales were last fixed, this change in economic condition would be sufficient to make out a case for revised wage structure, notwithstanding that the same had been fixed only a few years before;
- (2) when an industrial court proceeds to consider questions like wage structure, D.A., and similar condition of service, the principle of industry-cum-region should be applied, and, in applying that principle, the industrial courts have to compare wage scales prevailing in similar concerns in the region—similar concerns being those in the same line of business as the concerns in respect of which the dispute is under consideration. Even in the same line of business, it would not be proper to compare a small struggling concern with a large flourishing concern. The industrial court has to see that the disparity is not so much as to make the comparison unreal;
- (3) where the concern is itself paying the highest wages in the particular line of business, it does not mean that there would be no justification for increasing its wage scales. In such cases, there should be a greater emphasis on the region part of the industry-cum-region principle, though it would be the duty of the industrial court to see that for purposes of comparison, such other industries in the region are taken into account, as are as nearly similar to the concerns before it, as possible;

- (4) In the case of clerical and subordinate staff, it may be possible to take into consideration even those concerns who are engaged in entirely different lines of business, because the work of the employees of this class is more or less similar in all concerns:
- (5) generally adjustments are granted, when wage scales are fixed for the first time. Even where the pay scales are in existence, the industrial tribunal can direct adjustment, but this should be sparingly done taking into consideration the facts of the case. Where increments in the existing scales are generous, the adjustments would only be made by giving the next stage in the new scale.

This case and the case reported in 1962 (II) L.L.J., 352 SC have been referred to in the case reported in 1964(I) L.L.J., 342 SC=AIR., 1964 SC, 689 (Greaves Cotton & Co. v. their workmen). In that case, it was held by their Lordships of the Supreme Court that in applying the industry-cum-region formula, the tribunal should lay stress on the industry part of the formula, if there are a large number of concerns in the same region carrying on the same industry, that where the number of industries of the same kind in the particular region is small, it is the region part of the industry-cum-region formula which assumes importance particularly in the case of clerical and subordinate staff, as there is not much difference in the work of such class of employees in the different industries, and that the revision of the wage scales of the factory workmen can only be made after taking into account the wage prevalent for factory workmen in comparable concerns. In the case reported in 1966 (12) F.L.R., 271 [Filmistan (P) Ltd., v. its workmen], it has been held that the financial position of the employer is one of the relevant factors which is to be properly considered before an appreciable revision in the wage structure can be ordered, and that the tribunal must examine the facts and figures relating to the financial position of the establishment concerned, comparing the said position with the financial position of the comparable concerns, enquire what would be the total money of the additional burden of raised wages, and then come to a final conclusion in that behalf. Similar principles have been laid down in the rulings reported in 1962(I) LLJ., 271 and AIR, 1964 SC., 864.

Bearing these principles in mind, I shall now proceed to consider the facts and circumstances of the present case. Before I discuss the facts and circumstances regarding the capacity of the two railways to pay the increased wages and D.A. as claimed on behalf of the Union, I shall notice a submission which has been made by Shri Ginwalla appearing for the management. The learned Counsel Shri Ginwalla had pointed out that the claim of the employees that they are entitled to get the same wages which the employees of the State Railways are getting in accordance with the Report of the Second Pay Commission, had already been thrice rejected, and therefore, the claim for increased wages and D.A. on the basis of the Report of the Second Pay Commission should not be entertained by this Tribunal. In this connection, the learned Counsel had referred me to the three previous awards and had also referred to the ruling reported in A.I.R., 1957 SC, 38=1957 (I) LLJ., 226 (Burn and Co. Ltd. v. their workmen). In that case, it was held by their Lordships of the Supreme Court that the principle of *res-judicata*, although it is not applicable in terms as embodied in the section 11 of the Civil Procedure Code, is generally applicable in industrial disputes, that on the expiry of the award and its repudiation under section 19(6), the whole controversy is not at large and that the award should be regarded as intended for long term operation, though liable to be modified by change in the circumstances. In that case, there was an award of a tribunal as regards scales of pay. Acting under the provision of section 19(3) the union, on the expiry of one year from its publication issued a notice to the company declaring the intention not to be bound by the award. There were fresh demands and the fresh industrial dispute which thus arose was referred to another tribunal. This second tribunal held that the question as regards scales of pay has been directly adjudicated upon by the former tribunal, that on the principle of the decision on a matter referred to it should not be disturbed, unless there had been a change of circumstances since the date of the award and that as none such existed, the wage structure as fixed by him, should stand. After referring to certain previous decisions, their Lordships held that the previous award may be modified or altered, if there has been since the award, a change in the basic circumstances, or if there has been on the face of the record, an error of a fundamental character in the award. The learned Counsel Shri Acharya appearing for the union had referred me to the later ruling of the Supreme Court reported in A.I.R., 1964 S.C., 728=1964 (I) LLJ. 380 (Workmen of Balma Lawrie Co. vs. Balma Lawrie Co. Ltd.). In that case, it was held that the technical rules like *res-judicata* are not applicable, that even if the principles of *res-judicata* can be applied to an industrial dispute, the award can certainly be modified or altered on account of the change of circumstances. In this connection, reference may be made to the ruling reported in A.I.R., 1960 S.C, 1286=1960(I)

LLJ., 561 (India General Navigation and Railway Co. Ltd., vs. their workmen). In that case, their Lordships of the Supreme Court had observed that section 19(6) itself contemplates that the award cannot be binding after its termination, that the principles of *res-judicata* should be applied with caution in industrial disputes which related to such matters as wage and D.A., and that if the circumstances have changed, there is a good case for a change in the award. It was also held that as the prices in the country had risen between 1954 to 1957, there was a change in the circumstances justifying a change in D.A. from September, 1957. Now the learned Counsel Shri Ginwalla did not dispute that there has been substantial rise in the cost of living index since the last award of Shri G. Palit. It was not disputed that the average for 1965 was 539 points and in May 1966 the cost of living index has risen to 563. In my opinion, a substantial rise in the cost of living index since the last award by Shri G. Palit is a good and proper ground for saying that there has been a change of circumstances justifying modification or alteration of the award. I shall now only shortly discuss the three awards on which reliance has been placed by the learned Counsel Shri Ginwalla to show that the claim for enhancement of wage on the basis of the Second Pay Commission Report had been previously rejected thrice. The first award was in reference No. 2 of 1949 and was made by Shri F. Jeejeebhoy which was published in the Gazette of India on 5th September, 1949. Now the issues Nos. 1 and 2 are whether there should be uniform D.A. for all employees including peons, the clerical staff, line and workshop staff at the rate of Rs. 2/8/- for 10 points rise in the cost of living or whether there should be any other order concerning the D.A. of the workmen and whether the recommendation of the Central Pay Commission should be applied in respect of the scales of pay of all categories. The learned Judge took up these two issues together for consideration. With regard to the plea that the employees of these two railways should be paid wages at the same rates as the State Railways, the learned Judge had observed that there is a great deal of difference between the State Railways and private railways, that private railways are necessarily run on commercial with an eye of profit while the State Railways, although endeavouring to pay their wage are more concerned with public service, that profits of one State Railways can be set off to equalise loss on another which is not possible with these small private railways, that among the private railways, there is so much difference that no hard and fast rule is permissible as to what the private railways should pay to its workmen and that so far as these two railways are concerned, they cannot stand a higher wage bill. With regard to the D.A., the learned Judge had increased somewhat the D.A. but had observed that D.A. on the basis of the Pay Commission Report cannot be allowed. It was further observed that neutralisation to the full would only help inflation and it was beyond the capacity of these small railways and that the Government itself has not been able to follow all the recommendations of the Pay Commission Report in respect of its own servants. In the next award by the learned Judge Shri Das Gupta in reference case No. 2 of 1957 which was published in the Gazette of India on 5th August, 1957, the relevant issue is Issue No. 1, viz., whether the scales should be fixed in accordance with the recommendations of the Central Pay Commission. The learned Judge had observed that the pay scales of the workmen of the two railways were generally kept below the scales recommended by the Central Pay Commission except that for the unskilled workmen of the lowest categories which was Rs. 30-8/-35 and that Shri F. Jeejeebhoy held that higher wages would be beyond the capacity of the railways. It was also observed that after the award, there has been substantial improvement in the gross revenue of the railways, but on account of the increasing cost, the net revenue did not substantially improve, that the re-organisation was to some extent responsible for rise in the cost and some economy is possible in this direction and that the wage scales fixed by Shri Jeejeebhoy cannot be called fair minimum wages and requires some improvement. Thereafter, the learned Judge proceeded to revise the wage scales of certain categories of workmen, observing that he did not propose for the present to revise the wage scales of workmen who are getting Rs. 70/- or more, as the minimum of their respective scales. The revision made by the learned Judge was made only on this basis of change of circumstances since the award of Shri Jeejeebhoy. Incidentally, it may be pointed out that the learned Judge had discussed several rulings including the ruling reported in 1957 (I) LLJ., 226 and observed that the previous order may be modified or altered if there is since the award a change in basic circumstances or if there has been on the basis of the record an error of fundamental character in the award. However that may be, the award of Shri Das Gupta certainly does not show that the entire recommendation of the Central Pay Commission with regard to wage scales had been totally rejected. In fact, some comparison has been made regarding the different scales recommended by the Central Pay Commission, and the scales in vogue in the two railways, and it was observed that some of these pay scales in vogue in the two railways, are more favourable than those recommended by the Central Pay Commission.

I shall now turn to discuss the award by Shri G. Palit (Ext. 3). Now the issues relevant for the present purposes are scales/grades of pay and fitting into grades and D.A. The basis of the claim regarding wage scales is the recommendation of the Central Pay Commission. The learned Judge Shri Palit, after consideration of the facts and circumstances came to the conclusion that he would not be justified in giving full effect to the Central Pay Commission scales, as that might cause heavy burden on the tottering financial balance of the company as might be too much to bear at the present moment. The learned Judge felt that the workmen had been agitating for the introduction of pay scales on the basis of the recommendation of the Pay Commission for a long time, and had observed that Shri A. Das Gupta had kept much too close to the Jeejeebhoy award. Ultimately, the learned Judge had prescribed certain scales of pay for the different categories of workmen, observing that he had not gone to the full length of the recommendation of the Central Pay Commission. Therefore, it is not correct to say that the learned Judge Shri Palit had totally rejected the claim for introduction of wage scales on the basis of the recommendation of the Central Pay Commission. If he did not introduce the wage scales according to the Central Pay Commission, it was because the learned Judge felt that the introduction of the scales of pay according to the Central Pay Commission would be too much of a burden for the two railways to bear. With regard to the D.A., the learned Judge had granted some increments, observing that the average of the cost of living index for 1957 is 431 points, for 1958 it was 438 and for 1959, it was 446 points. It was also observed that the D.A. would be revised if there is a rise of 5 points or more in the average at the end of the calendar year in terms of Re. 1/- for every 5 points rise and for points less than 5, there would be no proportionate introduce the pay scales according to the wages of the Central Pay Commission of wage scales on the basis of recommendation of the Central Pay Commission had never been totally turned down. The learned Judges appear to have refused to introduce the pay scales according to the wages of the Central Pay Commission on grounds of financial burden and of difference in the work of the employees in the State Railways, and the work of the employees of these two railways. I have therefore come to the conclusion that the claim of the employees of the two railways for introduction of the grades and scales of pay according to the recommendation of the Central Pay Commission, cannot be disallowed on the ground of principles of *res-judicata*, or the principles analogous thereof as submitted by Shri Ginwalla on behalf of the management.

Regarding the financial capacity of the two railways, it is necessary to refer to certain figures, and it will be convenient to mention them by different charts.

HOWRAH-AMTA RAILWAY

	Year 1945-46	Year 1946-47
Total Capital outlay	46,33,377	46,65,735
Gross earnings	15,71,933	13,15,094
Amount credited to Renewal Reserve Account	1,25,000	1,25,000
Net earnings	4,91,348	2,17,268
Total working expenses	..	..
Bankra Workshop profit	..	..
Net profit after charging expenses	4,31,264	..
Dividend	..	..
Total Income	4,31,264	2,12,814

	Year 1947-48	Year 1948-49	Year 1949-50	Year 1950-51
Total Capital outlay	50,37,207	54,41,290	58,09,603	56,58,969
Gross earnings	17,35,687	23,99,581	23,83,010	27,18,209
Amount credited to Renewal Reserve A/c	1,25,000	1,25,000	1,25,000	1,25,000
Net earnings	2,94,807	5,40,617	1,92,369	5,67,395
Total working expenses	..	..	..	..
Bankra Workshops Profit	..	..	..	..
Net Profit after charging expenses	..	..	..	..
Dividend	..	..	..	..
Total Income	2,62,886	4,05,967	1,37,331	4,60,147

	Year 1951-52	Year 1952-53	Year 1953-54	Year 1954-55
Total Capital outlay	56,91,657	57,67,251	57,29,477	60,77,175
Gross earnings	28,83,757	28,64,195	28,03,897	29,22,219
Amount credited to Renewal Reserve Account	1,25,000	1,25,000	1,25,000	1,25,000
Net earnings	6,46,997	4,03,023	2,21,515	2,75,140
Total working expenses	..	..	..	..
Bankra Workshop profit	..	..	..	..
Net profit after charging expenses	..	..	..	..
Dividend	..	..	..	..
Total Income	5,30,349	2,96,042	2,20,865	2,22,418

	Year 1955-56	Year 1956-57	Year 1957-58	Year 1958-59	Year 1959-60
Total Capital Outlay	62,93,125	57,92,625	57,57,986	56,21,463	55,22,443
Gross earnings	28,68,600	29,76,779	30,31,693	30,14,541	29,68,169
Amount credited to Renewal Reserve account	1,25,000	1,25,000	1,25,000	1,25,000	1,25,000
Net earnings	2,41,929	3,07,811	3,49,726	2,00,560	2,36,573
Total working expenses	..	..	..	28,13,981	27,31,596
Bankra Workshop profit	..	..	..	42,924	16,345
Net profit after charging Expenses	..	..	..	1,17,067	1,13,513
Dividend	..	..	..	4.5% (Without tax deduction)	6% (Subject to deduction of tax)
Total Income	2,20,310	2,65,107	3,29,228	1,92,665 (in Ext. K) 2,43,484	2,36,573 (in Ext. K) 2,52,918

	Year 1960-61	Year 1961-62	Year 1962-63	Year 1963-64	Year 1964-65
Total Capital Outlay	54,53,201	..	..	..	..
Gross earnings	31,08,560	29,77,544	29,89,084	31,36,331	36,42,524
Amount credited to Renewal Reserve A/C	1,25,000	1,25,000	1,25,000	1,25,000	1,25,000
Net earnings	2,71,553	1,70,485	1,82,923	2,07,740	4,78,453
Total working expenses	28,37,007	28,07,059	28,06,161	29,28,582	31,64,071
Bankra Workshop profit	43,132	39,749	73,597	98,246	53,782
Net profit after charging expenses	1,44,462	1,27,062	1,32,350	1,08,705	1,45,271
Dividend	5% (Subject to deduction of tax)	4.25% (subject to deduction of tax)	4% (Subject to deduction of tax)	3% (Subject to deduction of tax)	4% (Subject to deduction of tax)
Total Income	2,32,967 (in Ext. K) 3,14,665	2,10,234	2,56,520	3,05,995	5,32,235

[The figures for the years from 1945-46 to 1957-58 have been taken from the History of Indian Railways for 1961 and the figures for 1958-59 1959-60 and 1960-61 have been taken from the History of the Indian Railways and from Ext. K.]

It may also be mentioned here that the amount of subscribed capital from 1958-59 to 1964-65 is Rs. 26,00,000/-. The reserves including all kinds of reserves stood as follows in those years :—

1958-59	15,10,485
1959-60	14,40,652
1960-61	14,80,232
1961-62	13,60,734
1962-63	12,62,585
1963-64	12,78,204
1964-65	12,99,811

(Vide other Report and Accounts for these years Exts. A to A-6).

Though these figures do not show that the two railways are not in a financially unsound position, Shri Ginwalla appearing for the management, however, had submitted that due to paucity of funds, the required amount of renewals and replacements cannot be effected and the railways have only effected those renewals and replacements which ensure the safety of the travelling public, and proper running of the passenger and goods trains. Shri Ginwalla had led much emphasis on this argument and, in fact, submitted that the arrears are mounting up and unless proper provisions are made for renewals and replacements, the two railways should not be and cannot be asked to pay more wages to the employees. Shri Acharya appearing for the union had pointed out that the figures regarding the replacements and renewals are not in the written statement of the company, and that these figures have been supplied only after the close of the case to the union. The learned Counsel Shri Acharya, had also referred in this connection to paragraphs 16, 19, 30 and 31 of the written statement submitted on behalf of the management. In the written statement, there is no reference to the amounts required for the replacements and renewals, but the learned Junior Counsel Shri Arijit Choudhury had submitted that the railways have pleaded their inability to pay, in view of the financial condition of the railways, and it is not necessary to give the full details of the amounts required for replacements and renewals in the written statement itself. Regarding the question of replacements and renewals, I have already mentioned above that the sum of Rs. 1,25,000/- had been set apart each year from 1945-46 to 1964-65. I would also mention that the same amount had been set apart for the years 1943-44 and 1944-45, and that varying amounts had been set apart and credited to renewals and reserve account from 1913-14 to 1942-43, the largest amount being Rs. 1,95,000/- in 1931-32, and the smallest amount being Rs. 20,000/- in 1914-15 (vide the history of Indian Railways, 1951). The Indian Railway General Code, Vol-1, 1951 shows that a proposal for replacements of existing assets (involving improvement or otherwise) should be examined critically with a view to seeing whether it would not be possible to avoid, or, at least, postpone such replacements by adopting methods of repairing or reconditioning them, at a cost that could be comparatively justified financially. In all cases in which it is considered necessary to replace an asset, instead of reconditioning it, it should be examined whether the estimated average annual cost of service, or the estimated average cost per unit of service is likely to be less than that of the old asset after reconditioning. Except when renewals or replacement are inevitable, the expenditure chargeable to the Depreciation Reserve Fund, should be financially justified in the same manner as the capital expenditure, e.g., premature renewals involved in schemes (paragraph 713). In paragraph 714, it is stated that where a replacement is proposed on grounds of economy in operation and maintenance costs, the estimate therefor should justify the outlay on the proposed replacement, by showing that the average annual cost of service or the average cost per unit of service, that will be rendered by the new asset, is less than that of the existing asset. There is a note therein that these two paragraphs will not apply to cases of casual or programme renewals, not involving any improvement. It is now necessary to refer to certain documentary and oral evidence.

Shri Bhatnagar who is the Chief Engineer of the Railways (O.P.W.1) had spoken about the renewals and replacements of the rails and the sleepers and had said that as there had been some arrears, the railways had adopted an accelerated programme for replacements and renewals of sleepers. He had referred to paragraph 705 of the Indian Railway General Code, regarding the normal lives of the assets, and had pointed out that so far as the rails are concerned, the normal life is 60 years, but so far as the wooden sleepers are concerned, the normal life is 12 years (vide the copy Ext. E). Ext. F and Ext. F-1 are statements showing the arrears in repairs, arrears on account of less sleepers supplied and the arrears in rail renewals. So far as the two railways are concerned, the figures are for the years 1959-60 to 1965-66. Regarding the rail renewals, Shri Bhatnagar had said that the actual fund allowed was only for 2½ miles during that period of 7 years, and the cost of replacement is Rs. 45,000/- a mile and the total amount required

for 11½ would be approximately Rs. 4,60,000/-. So far as Howrah-Sheakhala Light Railway is concerned, the proposal was for relaying of rails at the rate of 0.75 miles each year. It appears that no relaying had at all been done. I do not understand why no work at all was done so far as Howrah-Sheakhala Railway is concerned, and why the arrears of rail renewals were allowed to accumulate. So far as Howrah-Amta Light Railway is concerned, the proposal was for relaying at the rate of 2 miles per year during this period of 7 years, and Ext. F would show that the relaying work had only been done to the tune of a little over 2 miles during this period of 7 years. There is again no explanation why the work as proposed could not be done, or at least done substantially. Regarding the rails, Shri Bhatnagar had said that the maximum wear is on the curved and gradient portion, and, therefore, the rails there are interchanged with the rails on the straight track, where the wear is not so much. Regarding the Howrah-Amta Railway, the History of Indian Railways shows that the sharpest curb, sanctioned specially for the town of Howrah has a radius of 43.89 meters, and regarding gradients, that book shows that the line is practically levels throughout except at the approach of a bridge which has gradient of 1 in 200 for a length of 8 chains. Therefore, so far as Howrah-Amta Railway is concerned, there are not much curb or gradient portions. So far as Howrah-Sheakhala Railway is concerned, it is stated in the History of Indian Railways that the sharpest curb is of 43.89 meters radius at Howrah town and so far as gradients are concerned, the line is practically level throughout. Therefore, there is not much chance of the rails wearing out, and if the rails do wear out, they would wear out after a considerable period. Possibly this is the reason why not much work has been done regarding rail renewals in the two railways under reference.

With regard to sleepers, Shri Bhatnagar had said that they are stabilised by inserting number of new or useful sleepers in every rail joints. His further evidence is that the percentage of rejected sleepers per mile could not be more than 40 per cent and therefore in order to keep the percentage within that limit, new or serviceable or available sleepers are inserted, and that is how the railway tracks are maintained and the safety requirements are fulfilled. The evidence does not show how many over-age sleepers are there which must be replaced. The statements only show the number of sleepers and the number of sleepers supplied. In this connection, I would refer to the cross-examination of O.P.W.1 wherein he had stated that at the moment, the two railways have got 5,000 sleepers lying in different stations in the Howrah-Amta and Howrah-Sheakhala Railways for this year's programme, and that at the Dasnagar Railway station, there is a half-an-hour mile of new 60 bound rails for the next year's programme. It does not appear that these sleepers must be regarded to be insufficient for the purpose of stabilisation of the rails. The learned Counsel Shri S. K. Acharya had pointed out that in all the balance sheets of the two railways—Exts. A series and B series—there is the certificate of the Government Inspector of Railways. It is not disputed that the proper railway authority had granted the certificates in question regarding the safety in running the passenger and the goods trains. I am not satisfied on the evidence and the facts and circumstances that large number of rails and sleepers must be replaced immediately and necessary fund must be provided for that purpose.

I shall now turn to discuss the evidence of O.P.W. 2—Shri Lokendra Nath Choudhury who is the Chief Mechanical Engineer of the Railways. According to his evidence, his duty is to look after and maintain the locomotives, carriages and wagons of the railways. He has prepared three statements (Exts. G, H and I and G-1, H-1 and I-1). The normal life of steam locomotives, rolling stock and boilers, as stated by O.P.W.2, is 40 years, and the statements show that some of the locomotives are over-aged ones and some of the coaches and wagons are also over-aged ones. It is further not clear why the over-aged locomotives etc., are not replaced as required. The evidence of O.P.W. 2 in cross-examination shows that repair works and maintenance works are done at Bankra workshop. It not only caters for these two railways, but also other railways. It is not clear to me why proper repair work could not be done at the Bankra workshop. It also appears that the attention of this witness had been drawn to his evidence in cross-examination before Mr. Justice Guha Roy in another reference between Messrs Martin Light Railways and their workmen (Ext. 14). It would appear that Shri Choudhury had stated then that the railways had spent each year a good sum on renewals and replacements, of its rolling stock, that parts which are unserviceable are changed and those that can still give some life, are kept, that the whole locomotive is changed normally after a life of 40 years and that in the past, many locomotives, carriages and wagons had been changed. This evidence was given on 23rd May 1962. I do not think, therefore, that there had been huge arrears of replacements and renewals of engines, coaches and wagons, as the statements

mentioned above would appear to show. But even supposing that there were some arrears regarding these works, I do not understand why the more urgent renewals and replacements work was not done. If there had been much amount of arrears in the work of renewals and replacements, then there would be no safety and there would be possibility of accident, but the fact remains that the Government Railway Authority has granted the requisite safety certificates and 82 trains are being run daily, and there is also fairly good amount of goods traffic. The statements—Ext. K-6 and Ext. K-7—are rather important; they are as follows:—

HOWRAH-AMTA

Year	No. of Passenger carried	Net expenditure on replacement & renewals
		Rs.
1958-59	58,83,806	1,98,761
1959-60	59,10,345	1,44,833
1960-61	63,37,814	2,19,026
1961-62	60,26,869	2,38,560
1962-63	61,09,689	2,26,498
1963-64	59,24,940	1,03,438
1964-65	65,98,212	1,19,664
HOWRAH-SHEAKHALA		
1958-59	26,39,726	6,468
1959-60	26,82,400	7,777
1960-61	27,69,749	30,878
1961-62	29,19,532	28,423
1962-63	31,66,033	16,241
1963-64	31,59,139	26,372
1964-65	33,76,592	28,551

These figures not only show the number of passengers carried for these periods of 7 years, but also show the actual expenditure on replacements and renewals. I have no reason to think that the amount of money spent on renewals and replacements are really inadequate, and unless more sums are spent for that purpose, either the safety of the passengers or the proper running of the goods and passenger trains would be in danger. I think reference may also be made to the statement (Ext. K-8) which shows a comparative figures for passenger and goods traffic in the Eastern Railways and Howrah-Amta and Howrah-Sheakhala Light Railways. They are for the year 1964-65 and are as follows:—

	Passenger K.m.	Goods Tonne k.m.
Eastern Railway	33,64,592	45,08,726
Howrah-Amta Railway	17,13,405	39,168
Howrah-Sheakhala Railway	13,71,345	7,364

These figures certainly show that in spite of the fact that the two railways under reference are Light Railways, they carry fair number of passenger and goods traffic.

These facts and circumstances appear to me to show that the two railways cannot require very much amount for replacements and renewals, and the passenger and the goods traffic had been increasing year after year. I have not overlooked the evidence of O.P.W. 3 Lala Himanshu Das who is the Chief Accounts Officer of the Railways. His evidence is that at one time, the railways had about 9 lacs of rupees to the credit of replacements and renewals, that the sum of Rs. 9 lacs has now been completely exhausted except for a sum of a lac of rupees, that Howrah-Amta Light Railway has to face competition for the road transport, and its earning fluctuates according to the severity of the road competition. He has spoken about certain routes of buses and had submitted a map drawn by the Chief Engineers Department showing the railway lines and the bus routes. His evidence further shows that there is a bus route between Kadamtolla and Domjur and that there is a proposal to sanction a bus route from Howrah

Station to Munshirhat on Howrah-Amra Railway against which the railway has seriously objected. I need not discuss in details the evidence regarding the alleged competition of the buses. The figures which I have mentioned above clearly show that at best there was a temporary fall in the passenger and goods traffic in 1963-64, but the very fact that the number had increased afterwards in spite of the alleged bus competition, appears to me to show that there is no serious bus competition affecting the earnings of the railways. On behalf of the union, a picture (Ext. 15) published in the Amrita Bazar Patrika on June, 26, 1966 has been placed before me. This shows that passengers had boarded on the roof of the train. I however, think that not much reliance ought to be placed regarding the travelling on the roof of the train. It cannot indicate the number of passengers travelling in a year. I, however, do not accept the evidence of O.P.W. 3 that it is only in hot days that the passengers go to the roof of the railway coaches. However that may be, I have, therefore, come to the conclusion that the arguments of Shri Ginwalla that the wage scales cannot be revised, as the two railways require a very large sums on account of the replacements and renewals, cannot be accepted.

Before I go on to discuss the other submissions which have been made by the learned Counsels appearing for the parties, I shall only shortly mention the figures regarding the financial position of the Howrah-Sheakhala Light Railway. The History of Indian Railways shows that the total capital outlay had varied from about 10½ lacs to about 13½ lacs from 1945-56 to 1960-61, that the gross earnings had varied from 3 lacs 81 thousand odd to 7 lacs 82 thousand odd for the same period, that the net earnings for the same period had varied from 1 lac 26 thousand odd to 64 thousand odd excepting for the year 1949-50 when there was loss, and that the total income for the same period had varied from 1 lac 90 thousand odd to 60 thousand odd excepting for the year 1949-50 when there was loss.

The management has filed the statement—(Ext.K-1) which is as under:

Year	Gross earning	Earning working expenses	Replacement & Renewals	Total working expenses	Net workings	Net profit after charging of other expenses and outgoing	Dividend Rate
1958-59 . . .	7,60,579	6,68,148	14,000	8,82,148	78,481	24,771	4½%
1959-60 . . .	7,81,377	6,53,001	30,000	6,83,001	98,376	35,348	6%
1960-61 . . .	7,82,152	6,37,011	30,878	7,17,889	64,263	29,711	5%
1961-62 . . .	8,30,450	7,39,296	28,423	7,67,719	62,731	28,049	4½%
1962-63 . . .	8,98,835	7,92,283	16,241	8,08,524	90,311	37,117	4%
1963-64 . . .	9,35,120	7,97,276	52,000	8,49,275	85,845	29,664	3%
1964-65 . . .	9,87,814	8,48,535	45,000	8,93,535	94,279	27,128	4%

The only other figure which requires mention is that the sum of 15 thousand, the sum of 15 thousand and the sum of 13 thousand, had been transferred to the Reserve for the years 1958-59, 1962-63 and 1963-64. I shall discuss this question of transfer to the Reserve while discussing the next submission made by Shri Sinwalla appearing for the management. It would be sufficient to state here that the figures certainly do not show that the financial condition of the railway is unsound.

I shall now turn to discuss the submission which has been made by Shri Ginwalla appearing for the management, regarding dividend. It was submitted by the learned Counsel that the dividends have been on the low side, and the share-holders are not getting proper return for the money invested. In this connection, he had pointed out that even for the declaring dividend of 3 per cent or 4 per cent certain sums had to be transferred to the Reserve; it appears to me that the share-holders are getting about 4 per cent dividend on the average on the capital invested. I do not agree with the learned Counsel that this dividend must be considered to be on the low side. The amounts were invested long ago and even after a considerable period of time, the share-holders are getting about 4 per cent dividend on an average. But even supposing that the dividend which has been declared by the two railways are on the low side, I do not think that the claim of fair wages of the workmen should always be postponed till higher

dividend could be declared by the railways. I have already referred to the rulings in the earlier part of this award, and I need not repeat what has already been stated. In the circumstances, I am unable to accept the submissions made by Shri Ginwalla appearing for the management that because the dividends for the years in question had been on the low side, the claim of the workmen for need-based minimum fair wages, must be rejected.

Shri Ginwalla appearing for the management had made another submission with regard to debenture loans. It would appear that there is debenture to the extent of 7 lacs and that no provision has been made for repayment of the debenture loans within the stipulated period of 1968. As the loans had been outstanding for a very long time, it is not clear to me why in all these years, proper provision had been made in the accounts of the railways. I would also mention that there was an earlier date for payment of loans, but the date had been subsequently extended by the holders of the loan, to 1968. If necessary, the railways may approach to the holders of the debentures for further suitable extension to enable the railways to redeem the loan. In my opinion, this is no ground for rejecting the claim of wage fixation of the employee of the railways.

I shall now proceed to consider the question of wage fixation of the employees of the two railways. Shri S. K. Acharya, the learned Counsel appearing for the employees had submitted that the railway managed by McLeod & Co., and Sahadara Saharanpur Light Railway managed by Martin Burn & Co., may be regarded as comparable units and the wages may be fixed on the basis of wages prevalent in those railways. Shri Ginwalla had submitted that these two railways cannot be regarded to be comparable units. So far as the Light Railways under the management of McLeod & Co., is concerned, it is said that they are subsidised by the Government. So far as the Sasadhara-Saharanpur Light Railway is concerned, it was urged that they are at a considerable distance and in the Delhi Region. In the Jeejeebhoy award, it is mentioned that the Sasadhara-Saharanpur Light Railway is in the area about 900 miles away from the region where these two railways are working. I do not think that mere fact that light railways are working at a place of 900 miles away from the place where these two light railways are working, is a sufficient ground in saying that the two railways cannot be compared. More important consideration is whether the financial conditions are more or less the same. The industry is the industry of running light railways and if there is no other similar industry in the same region, then another industry in another region managed by the same managing agents, can be regarded to be a comparable unit, provided, of course, the financial conditions of the railways are more or less the same.

I shall now turn to discuss the financial conditions of Sasadhara-Saharanpur Railway and these two railways under reference. In the History of Indian Railways, it appears that for the period from 1945-46 to 1960-61, the total capital outlay has varied between 55 lacs odd and 72 lacs odd, that the gross earnings for the same period had varied between 24 lacs odd and 44 lacs odd, that the net earnings had varied between 11 lacs odd and 92 thousand odd, and the total income had varied between 9 lacs odd and 92 thousand odd. It would be remembered that the length of the railway line is longer than the length of the railway lines in these two railways under reference. If this fact is borne in mind, then it would appear that there is not much difference in the financial position of the Sasadhara-Saharanpur Light Railways and the 2 Light Railways under reference. It may also be mentioned here that the Government of India and previously the United Province Government were entitled to Moiety of surplus profit and that the District Board of Howrah and the District Board of Hooghly are also entitled to a share of the surplus profits of the two railways under reference. It may be further mentioned that the District Boards of Howrah and Hooghly are to pay certain sums of money so as to enable these railway companies to declare the dividend of 4 per cent per annum on the capital actually paid up and expanded.

It is only necessary for me to refer to the award by Shri E. Krishnamurti in I.D. Case No. 180 of 1957 dated 20th September, 1958 which had been published in the Gazette of India. After considering the various contentions raised on behalf of the management, the learned Judge came to the conclusion that the existing scales of pay for the class III staff of the Sasadhara Saharanpur Railway are not adequate and that the increase asked for to the level of the scales on the Indian Railways is justified.

I shall now turn to discuss the scales of pay of the light railways managed by M/s. McLeod & Co. These railways are Bankura Damodar River Railway, Burdwan-Katwa Railway, and Ahmadpur-Katwa Railway. So far as these railways are concerned, Shri Ginwalla had pointed out that they are in receipt of subsidy from the Government, and therefore these railways cannot be compared with the two railways under reference. The History of Indian Railways shows

that Ahmadpur-Katwa Railway, Burdwan-Damodar River Railway and Burdwan-Katwa Railway receive guaranteed interest from the Government from 1917-18 to 1960-61 excepting in a few years. The terms and conditions under which the amounts had been paid to these railways do not appear in the case of Ahmadpur-Katwa Railway and Burdwan-Damodar River Railway. So far as Burdwan-Katwa Railways are concerned, it appears that when the net receipts are insufficient to pay interests @ $3\frac{1}{2}$ per cent per annum on the paid-up share capital, the Secretary of State is to pay the Company a sum which together with the net receipts, will make up an amount equal to 3.5 per cent. It is further stated that when the net receipts for any year do not exceed 5 per cent per annum on the paid-up share capital, the whole of such net receipts is to belong to the company and when the net receipts in any year exceeds 5 per cent on the paid-up share capital, such excess shall be divided equally between the Secretary of the State and the Company. Even with regard to the two railways under reference, the District Boards of Howrah and Hooghly have to pay certain amount, though perhaps not on the scale, given by the Government to the railways managed by McLeod & Co. I do not think that the amount of the money payable by the Government is a sufficient ground for saying that the railways managed by the McLeod and Company are not at all comparable to the two railways under reference. If necessary, the amount of money paid by the Government and by the District Boards may be taken into consideration in fixation of the wage scales of the employees of the two railways under reference. Regarding these railways, there is Ext. 13 which shows a term of settlement between the management and the union of the employees. So far as fixation of pay and allowances are concerned, it has been agreed in the tripartite settlement that the employees will get pay and allowance according to the Government Railway Rules except that in the case of A.K. and B.K. Railway staff, the ceiling limits laid down in the Government Railway Rules would be increased by Rs. 5/- in each case, that in the case of staff of head office. Ghoshpur workshop and B.D.R. Railway, the actual value of grain shop concession will be included in the existing emoluments for protection thereof, and the arrears consequent of revision of scales and pay and allowance, will be allowed with effect from 1st January 1961. There is an annexure showing the existing scales and the revised scales of pay offered by the railway administration.

So far as the two railways under reference are concerned, there is some evidence to show that some employees in the head office and also in the line are getting the scales of pay according to the Government Railway rules. The category of employees has been given in Ext. 8. O.P.W.3 has been unable to say if the statement—Ext. 8 is correct or not, because he cannot say about the recommendation of the Pay Commission regarding salary. This further evidence is that the arrangement is that some staff belonging to the head office work in the Howrah Maidan Station in the office and they get the scale of pay which in respect of certain categories are called the B.C.C. Scheme. In Ext. 8, various persons including certain employees of the Bankra Workshop had been mentioned. Therefore, the evidence of O.P.W.3 cannot be correct. It is not clear why there should be any difference between the employees regarding the scales of pay. If some of the employees are getting the pay according to the Government Railway Rules, there is hardly any reason why the other employees should be denied the same wage scales. Shri Acharya appearing for the employees had also drawn my attention to certain facts which I shall now refer. In the first place, he had referred to the high salaries of the superior officers as mention in Ext. 9 and had pointed out that even the General Manager, State Railways get less than the General Manager of these two railways under reference. Regarding Ext. 9, O.P.W.3 had said that the statement in Ext. 9 is correct except for slight differences. What the differences are have not been explained by O.P.W.3. Now, the Second Pay Commission Report shows that the General Managers get Rs. 2,750/-. Ext. 9 further shows that the General Manager gets Rs. 3,750/- and also extra cost of living including 5 per cent increase from 1st April 1966. Even the pay of the Chief Engineer is more than the pay of the Chief Engineer of the Railways. In the previous awards, specially the awards by Shri Das Gupta and Shri Palit, there was an appeal to the management to economise the expenditure. It would appear that the appeal by the learned Judges for economy in administration had fallen on deaf ear. Shri Glnwalla had submitted that the General Manager had to be appointed on a contract basis. The actual contract has not been put in before me. I do not think that it was not possible for the two railways under reference to secure the service of the competent General Manager on the railway scales of pay. I have already referred to the ruling of their Lordships of the Supreme Court, wherein it has been stated that the tribunal is to consider the question of possibility of tightening up the organisation so that the proper fair wage could be paid to the workmen. It is, of course, true that it is not for the tribunal to say what wages or salaries should be offered to the top officers of

the railway. The tribunal can, however, certainly say that there is some scope for economy in expenditure and take that fact into consideration while fixing the wage scales for the employees. Shri Acharya had also pointed out that the full details of the income of the railways had not been shown in the balance-sheets. In this connection, reference has been made to the evidence of O.P.W. in cross-examination. O.P.W.3 had said that earnings derived by the railways from the railway stall holders, sale of cinders, licencing out of commercial plots to traders, cutting of grass, felling of trees and income from advertisements are included in miscellaneous earnings and that the sale proceed of scraps that come out of replacement and renewals, is not credited to the revenue account, but is credited direct to the replacement and renewal reserve. The evidence of O.P.W.3 further shows that there are about 7,500 monthly ticket holders on the Howrah-Amra and Howrah-Sheakhala Railways and that a deposit of Re. 1/- is taken from each monthly ticket holder at the time of first purchase of the monthly ticket. The evidence further shows that the liability for refund of deposit of the monthly ticket holders has not been shown. O.P.W.3 further opined that this is a liability only if it is refundable. I do not see why that liability has not been shown separately. Further, it appears to me that even apart from the income from rates and freights obtained by the two railways, there are also other sources of income of these railways.

I shall now proceed to fix the wage scales of the employees :

Head Fitter	100—5—125—6—155—E.B.—7—190
Station Master	100—5—125—6—155—E.B.—7—225
Carriage Examiner	75—5—125—6—185
Driver	75—5—125—10—225
Head Mistry	75—5—125—7—195
Assistant Carriage Examiner	70—5—120—6—180
Guard	70—5—120—6—180
Assistant Station Master	75—5—125—7—195
Travelling Ticket Examiner	60—5—110—6—170
Booking Clerk	60—5—110—6—170
Pump Engine Driver	60—2—70—3—100
Fitter, Tinsmith, Portable Engine Driver, Copper-smith, Moulder, Gas Welder, Electric Welder, Carpenter, Blacksmith, Planer, and Painter	} 75—3—105—4—145
Probationer (traffic)/ticket collector, Wheel Grinder, Wheel Turner, Mason, Boiler Maker and Turner	
Asstt. Carpenter, Asstt. Blacksmith, Asstt. Turner, Asstt. Painter, Asstt. Electric Fitter, Asstt. Boiler Maker, Asstt. Electric Holder, Asstt. Fitter, Asstt. Mason, and Asstt. Head Mistry (P.W.)	60—2—80—3—110
Compounder	75—5—125—7—195
Shunter	60—2—80—3—110
Fireman	50—2—70—3—100
Points Jamadar	50—2—70—3—100
Mate	50—2—70—3—100
Keyman	40—1—60
Running Room Cook	40—1—60
Hammerman	40—1—60
Rivetter	45—1—65
Driller	50—2—90
Steamman	40—1—60
Pointsman	40—1—60
Trolleyman	40—1—60
Porter, Khalasi, Gateman, Cleaner, Sweeper, Waterman, Peon	} 40—1—60
Clerk	
Signaller	75—5—125—7—195
Goods Clerk	50—2—70—3—100
Train Lighter	75—5—125—7—195
Letterman	50—2—70—3—100
Coal Checker	60—3—81—E.B.—4—113 (Existing Scale)
Batch in-charge	50—2—90
Tindal	60—3—90—4—130
	40—1—60

Head Chowkidar	45—1—65	
Wheel Tapper	40—1—60	
Chowkidar, Durwan	40—1—60	
Head Boiler Maker	75—4—115—5—165	
Head Batch in charge, Head Booking Clerk, Head Ticket Collector }	75—5—125—7—195	
Cabinman	40—1—60	
Packer	40—1—60	
Marker	40—1—60	
Tool Keeper	60—3—81—E.B.—5—121	(Existing Scale)
Asstt. Tool Keeper	45—1—65	
Works Sarcar	70—3—91—E.B.—4—128	(Existing Scale)

In fixing the scales of pay, I have taken into consideration the needs of workmen regarding food, clothing and shelter, and also the financial capacity of the two railways under reference to pay the need-based fair minimum wage. As far as possible, I have tried to fix the wages so that the workmen can be at subsistence, plus, level. The workmen require money not only for food and shelter and maiment, but they have also to make at least a modest provision for safeguarding their health and for education of their children. In my opinion, the scales should come into force with effect from the 1st day of September, 1965. The adjustment should be made to the next higher grade or scale if any particular workman concerned is getting wages which are in between the scales as fixed by me.

I shall now turn to discuss the question of D.A. In my opinion, the D.A. should be given according to certain slabs upto the cost of living index of 500 (five hundred) points, and beyond 500 points, for every increase of 5 points, the workman should get *One Rupee* as additional D.A. The slab of D.A. is as follows:—

For wages not exceeding Rs. 50/-	—Rs. 50/-
Wages from 51/- to 100/-	— " 60/-
Wages from 101/- to 150/-	— " 65/-
Wages from 151/- to 200/-	— " 70/-
Wages from 201/- to 260/-	— " 75/-

I have, therefore come to the conclusion that the wage scales of the employees of the two Light Railways should be fixed in accordance with the chart mentioned in the body of the award with effect from 1st of September, 1965. The adjustment should be made by giving the next higher scale or grade if the wages of a particular workman is in between the scales as fixed by me. I do not think that any increment for some years should be granted in the facts and circumstances of the present case. With regard to the Dearness Allowance the employees should be paid D.A. according to the slab which I have mentioned in the body of the award with effect from 1st of September, 1965 and should also be paid additional D.A. at the rate mentioned by me above with effect from the same date.

This is my award.

Sd./- P. BASU,

Judge,

Central Government Industrial Tribunal.

16-8-1966.

[No. 2/18/65/LRIV.]

A. L. HANDA, Under Secy.

(Department of Labour and Employment)

New Delhi, the 9th September 1966

S.O. 2765.—In exercise of the powers conferred by clause (1) of article 299 of the Constitution; the President hereby directs that the agreement made in the exercise of the executive power of the Union with the Bombay Electric Supply

and Transport Undertaking, Bombay for the supply of electrical energy to the Central Labour Institute located at Slon, Bombay-22, may be executed on his behalf by the Director General, Factory Advice Service and Labour Institute, Bombay.

[No. F. 614/10/66-Fac.]

VIDYA PRAKASH, Dy. Secy.

(Department of Labour and Employment)

New Delhi, the 12th September 1966

S.O. 2766.—In pursuance of clause (a) of sub-paragraph (1) of paragraph 4 of the Employees' Provident Funds Scheme, 1952, the Central Government hereby nominates the Joint Secretary to the Government of Maharashtra, Industries and Labour Department, Bombay, as the Chairman of the Regional Committee set up for the State of Maharashtra in the vacancy caused by the resignation of Shri Madhav Rajwade, and makes the following further amendment in the notification of the Government of India in the late Ministry of Labour and Employment No. S.O. 1286, dated the 27th May, 1961, namely:—

In the said notification, in item 1, for the existing entry, the following entry shall be substituted, namely:—

"The Joint Secretary to the Government of Maharashtra, Industries and Labour Department, Bombay."

[No. 12(2)65-PF.II.]

DALJIT SINGH, Under Secy.

(Department of Rehabilitation)

(Office of the Chief Settlement Commissioner)

New Delhi, the 1st September 1966

S.O. 2767.—In exercise of the powers conferred by Sub-Section (i) of Section 6 of the Administration of Evacuee Property Act, 1950 (XXXI of 1950), the Central Government hereby appoints for the State of Rajasthan, Shri E.B. Jermay, Assistant Settlement Officer in the Office of the Regional Settlement Commissioner, Jaipur as Assistant Custodian for the purpose of discharging the duties imposed on such Assistant Custodians by or under the said Act with effect from the forenoon of 8th August, 1966.

[No. 7(78)ARP/CSC/60]

A. G. VASWANI,

Settlement Commissioner (A) & Ex Officio,
Under Secretary.

MINISTRY OF WORKS, HOUSING AND URBAN DEVELOPMENT

New Delhi, the 31st August 1966

S.O. 2768.—In exercise of the powers conferred by the proviso to article 309 of the Constitution, the President hereby makes the following rules, namely:—

1. *Short-title and commencement.*—(1) These rules may be called the Officer on Special Duty (Housing), (Ministry of Works, Housing and Urban Development), Recruitment Rules, 1966.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. *Application.*—These rules shall apply to the post specified in column 1 of the Schedule hereto annexed.

3. *Classification, scale of pay, method of recruitment, etc.*—The classification of the post, the scale of pay attached thereto, the method of recruitment to the said post and other matters connected therewith shall be as specified in columns 3 to 7 of the said Schedule.

4. *Disqualification*.—(1) No person, who has more than one wife living or, who, having a spouse living, marries in any case in which such marriage is void by reason of its taking place time during the life-time of such spouse, shall be eligible for appointment to the said post.

(2) No woman, whose marriage is void by reason of the husband having a wife living at the time of such marriage, or who has married a person who has a wife living at the time of such marriage, shall be eligible for appointment to the said post ;

Provided that the Central Government may, if satisfied that there are special grounds for so ordering, exempt any person from the operation of this rule.

THE SCHEDULE

Name of the post	Number of posts	Classification	Scale of pay	Method of recruitment whether by direct recruitment or by promotion or deputation	Grades from which promotion is to be made	Circumstances in which the UPSC is to be consulted in making recruitment
1	2	3	4	5	6	
Officer on special Duty (Housing)	1	General Central Service Class I Gazetted	Rs. 1300—60—1600—100—1800	By transfer on deputation	Transfer on deputation Suitable officers of the Indian Administrative Service/ Central Services Class I (Period of deputation—ordinarily not exceeding 4 years)	As required under the rules.

[No. F. 24/9/65-Adm.I

S. L. VASUDEVA, Under Secy.

New Delhi, the 7th September 1966

S.O. 2769.—In exercise of the powers conferred by Section 3 of the Public Premises (Eviction of Unauthorised Occupants) Act, 1958 (32 of 1958), the Central Government hereby appoints Shri A. K. Shitut, Asstt. Director (Admn.) in the Office of the Director of Supplies & Disposals, Bombay, being a gazetted officer of the Government of India, to be the Estate Officer for the purposes of the said Act, in respect of plot of land viz. Survey No. 384, Rifle Range Area, Santacruz, measuring 7 acres, 12 gunthas 4 annas (earmarked for the National Test House, Bombay) under the control of the Director of Supplies & Disposals, Bombay, Deptt. of Supply & Technical Development.

[No. DE.21012(2)/66-Pol.]

MAHINDRA KISHORE, Under Secy.

MINISTRY OF INFORMATION AND BROADCASTING

New Delhi, the 31st August 1966

S.O. 2770.—In exercise of the powers conferred by Section 5 (1) of the Cinematograph Act, 1952, and sub-rule (3) of rule 8 read with sub-rule 2 of rule 9 of the Cinematograph (Censorship) Rules, 1958, the Central Government hereby appoints Shrimati Nita Pillai as a member of the Advisory Panel of the said Board at Bombay with effect from 13th July, 1966.

[No. 11/4/66-FC]

D. R. KHANNA, Under Secy.

